

Evidence Mounts of Mass Killings by Kabila's Forces in Congo



In April, a Red Cross worker in the Biaro refugee camp in eastern Zaire carried a sick child past rebel soldiers.

By John Pomfret
Washington Post Service

KASESE, Congo — This hamlet of straw-thatched mud huts in the heart of the vast Congo rain forest harbors a dark secret. In mid-April, urged on by military officers loyal to the rebel leader Laurent Kabila, its villagers tore through a camp of refugees, most of them Rwandan Hutu, hacking and spearing men, women and children.

The armed men among the Hutu fought them off. But a day later, Mr. Kabila's rebel forces stepped in and, according to survivors and local residents, ravaged the some 55,000 refugees for seven hours, firing wildly into the encampment in a grove of palm trees straddling a rutted jungle road. Again local villagers joined in the assault, wielding spears and machetes against the refugees.

The local residents and refugee survivors say hundreds died. Many of them were buried in a mass grave 500 yards up a dirt path that now is guarded by Mr. Kabila's troops.

The story of Kasese is just one of numerous tales of mass killings of refugees carried out by soldiers loyal to Mr. Kabila, now president of Congo, during his seven-month push to topple Mobutu Sese Seko, the longtime leader of what was called Zaire.

Allegations that Mr. Kabila's men killed Hutu women and

children throughout Congo, and urged villagers to do the same, have complicated his attempts to gain international recognition of his victory over Marshal Mobutu and for the new government he installed May 29.

The stories, along with mass graves and accounts of witnesses and victims in eastern, central and western Congo, paint a horrific picture of atrocities. The reported killings stretch from Goma and Bukavu, where Mr. Kabila's rebellion erupted in eastern Congo last fall, to Mbandaka, 750 miles (1,200 kilometers) to the west on the other side of the country.

Taken together, they suggest the massacres were not isolated instances of unruly troops, but rather part of Mr. Kabila's war of liberation. Their goal appears to have been twofold: vengeance and security.

Interviews with international aid workers, refugees and local villagers indicate that Mr. Kabila's army is controlled by Rwandan officers who dominate its upper echelons. Mr. Kabila relied heavily on those well-trained officers, along with Rwandan, Angolan and Ugandan troops, to push Marshal Mobutu's army aside. But in so doing he made a deal with people intent on bringing the 1994 ethnic war in Rwanda to Zaire.

During that war, radical Hutu militiamen slaughtered

See CONGO, Page 4

Cease-Fire Ordered in Brazzaville

But More Gunfire Greeted Calls to End Weeklong Fighting

Compiled by Our Staff From Dispatches

BRAZZAVILLE, Congo Republic — President Pascal Lissouba ordered his army Wednesday to start a unilateral cease-fire in Brazzaville to give a chance for peace talks to end the lethal standoff with militia supporting the former Marxist military leader, Denis Sassou-Nguesso.

Mr. Lissouba said on state radio: "The mission to establish public order has turned into a civil war."

He added: "I order an immediate cease-fire to give a chance for mediation. Peace must remain our first objective."

His rival, General Sassou-Nguesso, went on his own radio station to announce that he, too, had agreed to a cease-fire.

There was no way of determining

how widely observed the calls were, but French soldiers, journalists and hundreds of civilians seeking shelter had to dive for cover when a burst of automatic rifle fire erupted near their base at the international airport minutes after the announcements.

In addition, General Sassou-Nguesso's radio continued broadcasting anti-government statements and calling for government soldiers to join his militia.

An official in the office of the mayor of Brazzaville, Bernard Kolelas, who is leading mediation efforts, added: "Mr. Kolelas spoke with Sassou-Nguesso on the telephone and we expect him to announce his own cease-fire on the radio at 5 P.M."

But a rebel militia spokesman said, "They are still firing on us despite the cease-fire having been declared."

Witnesses said shooting continued in several parts of the capital, racked by seven days of clashes. A few shots were heard from near the presidency and stray small arms fire hit a French base near the airport.

A Reuters correspondent saw the shots hit a wall at the Aviation Club, 20 meters away from several hundred civilians awaiting evacuation.

Firing was continuing near the base, with the occasional sound of a heavy explosion, probably from mortars or rocket-propelled grenades, witnesses said. There was no immediate word of any casualties.

Earlier in the day, witnesses reported scores of bloated bodies littering the streets in the city center and outlying

See BRAZZAVILLE, Page 4

Jiang, Blair And Doubters To Meet July 1

Compiled by Our Staff From Dispatches

HONG KONG — The handover of Hong Kong to Chinese sovereignty continued to follow its bumpy but inexorable course on Wednesday, as Beijing said that President Jiang Zemin would attend the handover ceremony and Britain countered with an announcement that Prime Minister Tony Blair would represent the departing colonial power.

Local pro-autonomy activists, for their part, continued to demand a venue on July 1 to vocalize their opposition to limits on their freedom under the handover accord, lashing out at civic authorities for refusing permission for a rally in Victoria Park. Such an event would be the first major public gathering critical of Beijing in the early hours of Chinese rule.

Mr. Jiang's visit to the territory, a British colony for 156 years, will be his first, and is due to last just a few hours. He is scheduled to return to the Chinese capital for Beijing's own celebration of its recovery of Hong Kong. But Mr. Jiang will remain long enough to attend an investiture ceremony for the post-colonial administration that has already created diplomatic disturbances.

There had been suggestions that Mr. Blair might stay away after China announced that it would use the festivities to swear in the unelected provisional legislature slated to replace Hong Kong's Parliament, which was democratically elected in 1995. Officials made clear that although Mr. Blair would attend the formal handover ceremony, he would leave before the swearing-in started.

The United States said Tuesday that Secretary of State Madeleine Albright would attend the sovereignty ceremony, but would boycott the investiture of the unelected legislature. It remained to be seen whether Britain's other main partner, some of which have signed major trade deals with China, would follow suit.

Officials said Britain would raise the matter at a summit meeting of European



Governor Chris Patten arriving at the site of Hong Kong's new airport at Chek Lap Kok on Wednesday.

Union nations in Amsterdam next week and at a meeting of the Group of Seven industrialized nations in Denver later this month.

Mr. Blair, asked Wednesday if Britain owed a moral duty to the people of Hong Kong that would not end with the handover, said, "I do agree" and "I think that is important," adding, "I will be attending the ceremony myself."

Prime Charles is also planning to attend the handover ceremony.

The Labour government, swept to power in an election landslide on May 1, has said it will continue to put pressure on Beijing to respect human rights in Hong Kong. "For the prime minister, the paramount thing is to make clear Britain's commitment to Hong Kong now and in the future," a British government official said.

As Beijing put the finishing touches to its plans for the celebration by declaring July 1 a national holiday for its 1.2 billion people, Hong Kong's democratic lobby cast around for a venue for protest rallies. The Hong Kong Alliance in Support of the Patriotic Democratic

See HONG KONG, Page 4

Key Senator Backs Plan To Pay UN Bill

By Thomas W. Lippman
Washington Post Service

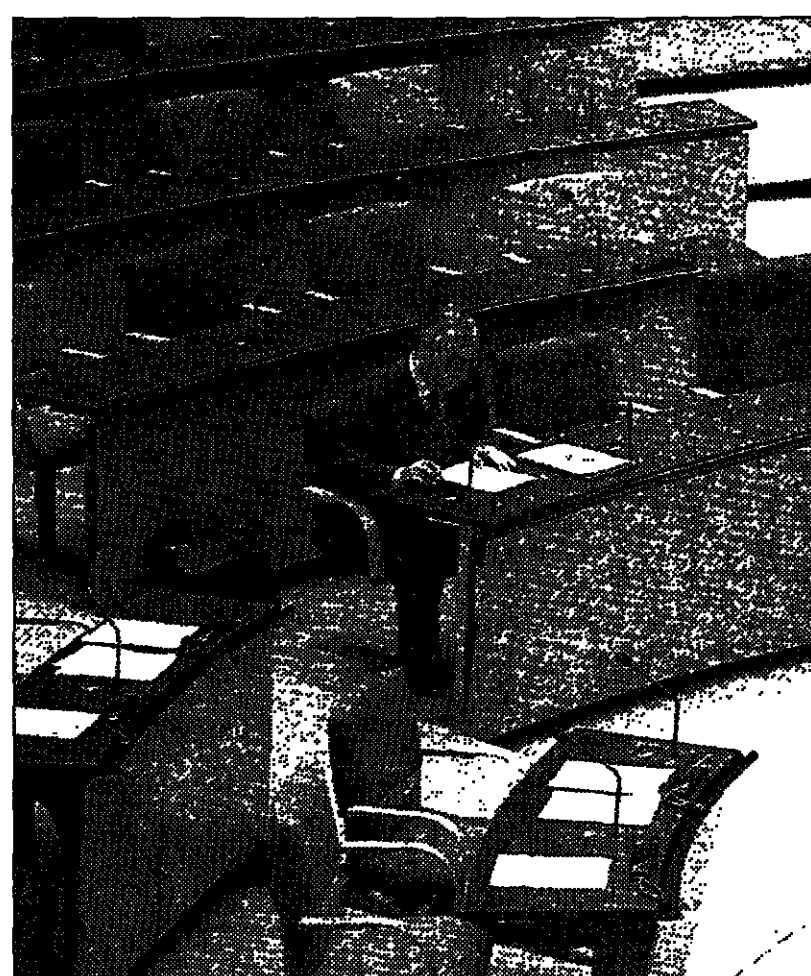
WASHINGTON — Senator Jesse Helms and other key senators have agreed on a far-reaching foreign-affairs bill that would pay most of the back debts that the United States owes the United Nations.

Under the proposed deal, the United States would pay the world body \$819 million over three years in return for UN spending cuts and other concessions. That is less than what the United Nations says the country owes but the most that Mr. Helms, Republican of North Carolina, who is chairman of the Senate Foreign Relations Committee and a critic of the UN, said he would accept.

White House officials said they supported the UN plan, reached after weeks of negotiations. But they still have some reservations about details in the bill regarding reorganization of U.S. foreign policy agencies.

While the bill, which will be reviewed Thursday by the Foreign Relations Committee, still faces obstacles to enactment, it represents a major breakthrough in the long stalemate be-

See DUES, Page 4



Theo Waigel, the German finance minister, preparing for debate on the Maastricht treaty in the Bundestag on Wednesday. Germany withdrew its long-held opposition to a job-creation pledge in the EU charter. Page 15.

A Momentary EU Truce

Jobs Pact Reflects Bonn-Paris Power Struggle

By Tom Buerkle
International Herald Tribune

BRUSSELS — France and Germany appeared Wednesday to be headed toward a resolution of their latest dispute over European monetary union, but the history of their differences suggests that any accord will be no more than a momentary truce.

For Prime Minister Lionel Jospin of France, the employment commitment represents a fulfillment of his promise to put jobs before austerity.

But few officials or economists regard the jobs proposal as much more than a rhetorical gesture on behalf of Europe's 18 million unemployed.

"There's nothing in it," one senior

sterdam on Monday and Tuesday.

The plan calls for Germany to endorse a resolution and new EU treaty commitments requiring governments to step up cooperation on growth and employment policies in exchange for France's dropping its opposition to a stability pact imposing stiff fines on single-currency countries that run excessive budget deficits.

For Prime Minister Lionel Jospin of France, the employment commitment represents a fulfillment of his promise to put jobs before austerity.

But few officials or economists regard the jobs proposal as much more than a rhetorical gesture on behalf of Europe's 18 million unemployed.

"There's nothing in it," one senior

See EUROPE, Page 4

AGENDA

Juppe Won't Make New Bid to Lead Party

PARIS (Reuters) — Former Prime Minister Alain Juppe said Wednesday he would not seek re-election as leader of the Gaullist party, Rally for the Republic. Mr. Juppe announced his decision during an emergency party congress held in the wake of the conservatives' defeat in legislative elections June 1. It clears the way for the former National Assembly speaker, Philippe Seguin, to take over as president of the party.

Mending Broken Minds in Angola

Books..... Page 10.
Crossword..... Page 10.
Opinion..... Pages 8-9.
Sports..... Pages 22-23.

Sponsored Section
EGYPT
The JHT online: <http://www.jht.com>

The Dollar

New York	Wednesday 4 P.M.	previous close
DM	1.7151	1.7185
Pound	1.638	1.6385
Yen	111.145	112.38
FF	5.8048	5.8085

The Dow

Wednesday close	previous close
+37.00	7576.27
	7539.27

S&P 500

change	Wednesday 4 P.M.	previous close
+4.29	869.57	865.28

See YEN, Page 16

'Jurassic Park' Come True? No, but a Fragment of Dinosaur Life

By Nicholas Wade
New York Times Service

NEW YORK — Scientists say they have recovered elements of blood from the bones of a dinosaur that died 65 million years ago. This is the first time that blood components have been recovered from dinosaur bones, and the nearest that science has come to the science fiction fantasy of recreating the creatures from the genetic information in their blood cells.

The dinosaur, a nearly complete Tyrannosaurus rex, was buried in conditions that prevented its bones from being converted to mineral, as is the case with most fossils. The interior of the bones was preserved largely in its original form.

Mary Schweitzer, a paleontologist at Montana State University in Bozeman, recovered the specimen from the Hell Creek formation of eastern Montana. Because of the

bones' state of preservation, she decided to look for signs of life cells, DNA and protein.

The recovery of ancient molecules is fascinating but treacherous terrain on which many scientists have stumbled. The more sensitive the analytical technique, the higher the risk of picking up mo-

lecules that have contaminated the original specimen. The DNA that a team of Utah scientists recently asserted that

they had recovered from 80-million-year-old dinosaur bones was later said by other researchers to be of human origin.

Because of such setbacks, Ms. Schweitzer and her colleagues proceeded with caution and took several years to publish their results.

Earlier hopes of finding cells in the dinosaur bone have been dashed. Ms. Schweitzer said she could see no direct sign of cells, although a chemical stain that recognizes DNA picked up

something in the holes where the bone cells would have rested. She said she had been unable to retrieve DNA that could be identified as originating in a dinosaur.

But she and her colleagues had better luck in looking for hemoglobin, the oxygen-carrying part of the hemoglobin molecule of the blood.

They reported finding evidence for the presence of heme by six chemical

See DINOSAUR, Page 4

Newsstand Prices

Britain	1.000 Din	Males	55 c.
Cyprus	C. £ 1.00	Nigeria	125.00 Naira
Denmark	14.00 D.Kr.	Oman	1,250 Rials
France	12.00 F.M.	Qatar	10.00 Rials
Germany	2.085	Rep. Ireland	IR £ 1.00
Greece	2.050	Saudi Arabia	10.00 R.
Japan	125.00 ¥	U.A.E.	10.00 Dirh
Korea	1,250 W. H.	U.S. (Est.)	\$ 1.20
Malaysia	700 M. S.	Zimbabwe	Zim \$30.00

24
100294 885849



Mending Broken Minds / Papa Kitoko's Clinic

Faith and Chains in Angola

By Suzanne Daley
New York Times Service

LUANDA, Angola — It is Sunday morning and the service — with its drum beating and rhythmic wailing — can be heard all along the rutted street on this city's outskirts, where garbage, the carcasses of abandoned cars and barefoot children vie for space.

Through the windows of one of the mud brick houses here, a dozen women in aqua robes can be seen swaying to the music, clapping and smiling.

But behind these walls are others who are in no shape to take part. In many cases, they are chained to heavy auto transmissions or steel truck wheels and tucked into the shadier corners of a half-built compound, where flies and the smells of human waste abound. They moan or repeat nonsensical phrases or stare into space. Some have open festering wounds.

Welcome to Papa Kitoko's Center for Traditional Medicine. Almost everyone in Luanda has heard of Mr. Kitoko, who is part traditional healer, part leader of a Christian-based religious sect.

The conditions in his center are appalling, but many Luandans see Mr. Kitoko as a kind of hero. Angola's 20 years of civil war have left barely a hospital standing and even less care for the mentally ill. What is available is far too expensive for those who live in the miles of slums that have sprung up around this city.

Luanda was once the graceful capital of this former Portuguese colony, built for about 400,000 people. But the refugees from the war kept coming, and now 3 million people live here. Basic services have all but collapsed.

The streets are full of beggars — children reeking of the glue and homemade alcohol they use to get high — and *mutilas*, the thousands of Angolans who lost limbs when they stepped on mines. Those with a tenuous hold on reality are in the mix, too. Many are former soldiers who have not recovered from the carnage they witnessed or took part in.

Mr. Kitoko, who was provided with an ambulance by the government to pick up the mentally ill, says he takes in anyone who needs his help. In most cases the patient's family gives what it can to pay for care, and the family is responsible for feeding and clothing a patient.

But some have no family. He says

he has 10 patients who are not even able to tell him their names. These he supports from donations. He says his cure rate is about 50 percent. But some have been chained in his compound for as long as five years.

After the Sunday service, Mr. Kitoko received visitors in his office, a broken stethoscope around his neck.

There are small glass jars on his desk that he says he uses to examine patients who he says are too sensitive



to be touched by the stethoscope. He showed how they work, turning them upside down and pressing the rim of the jars on his desk. Then he pried his stethoscope together so he could listen through the bottom of the jar.

He also showed off a collection of business cards from visitors curious about his work and half a dozen certificates from government officials licensing his center. A woman, a former patient, took notes on all that he said.

On a tour of his clinic, he stopped in front of a giggly young woman, introducing her as someone who had come to him as a mute only a week before. "She speaks now," he said.

And, indeed, the woman briefly removed a rag from in front of her mouth to say she was doing well and again to give her age, 17. But when asked her name she balked, clutching the rag and giggling maniacally.

Mr. Kitoko pulled the rag away and ordered her sharply to reply. But she looked terrified, and he moved on. In the next room, with its partial roof and dirt floor, he waved toward three chained men. Two had straw mats to sleep on, the other a towel. Their filthy clothing was in rags. They did not seem to notice Mr. Kitoko.

"We have no money for proper cells," he said. "So we must tie them up. They are very violent and ag-

gressive. Sometimes they hurt themselves anyway."

A room with a concrete floor and a roof is the pharmacy. Mr. Kitoko deflected questions about the ingredients in a potion he gives to most of his patients. In one corner plastic containers held a dark syrupy substance that was apparently fermenting. There were dried leaves on a metal shelf, and a woman was slicing small times into a wash basin.

The Angolan government and the rebels of the National Union for the Total Independence of Angola, or UNITA, signed a peace agreement in 1994, but it has been more of a wary truce than an end to the war. Control of the country remains split, and there have been regular flare-ups, including attacks in the last few weeks by the government on UNITA territory in the diamond-mining areas.

Little progress has been made in rebuilding the country. Only one public hospital functions in Luanda, with a small psychiatric floor. But the hospital lacks enough beds and medicine. Patients there also sleep on the floor among flies and dirty bandages. Only those who can afford to pay bribes get slightly better treatment.

MR. KITOKO says he learned his medicine from his mother, who was also a famous healer. But his religion, he says, is where he gets his power. By his account, he has treated 43,329 patients in 21 years. He is now treating 102 patients, he said.

Most have mental problems, which he tries to cure with herbs and religious counseling. But others have come to him with a range of ailments from diarrhea to malaria. If he has made money on them, it is not apparent.

Many of the people who attend his Sunday services are former patients or those who are doing well enough to be released from the chains. One is Philippe Catarina Mukueno, a 20-year-old carpenter. He said his mother had brought him here about a month before because he had been behaving oddly. He had stopped bathing and was living in the street. For a week after he arrived, he said, he was tied up. But now he is helping out, controlling the more violent patients.

"I was doing things that I shouldn't be doing," Mr. Mukueno said. "I am much better now."



Soldiers of the Revolutionary United Front riding in a pickup truck on their base on the outskirts of Freetown.

Poverty Fuels Sierra Leone Turmoil

By James Rupert
Washington Post Service

FREETOWN, Sierra Leone — More than two weeks after soldiers here overthrew an elected civilian government, Sierra Leone's military is still struggling to stabilize its hold on power.

By all available evidence, Sierra Leoneans overwhelmingly reject the takeover. Out of protest and fear, they are refusing the ruling junta's orders to return to work. The economy is paralyzed. Foreign governments have rebuffed the junta's appeals for understanding. Nigerian troops, the spearhead of a regional West African intervention, are poised outside the city, sustaining fears of an assault aimed at restoring civilian rule.

The standoff is the latest in a series of coups, upheavals and wars since the end of colonial rule — in such nations as Liberia, Gambia and Burkina Faso — that underscore and perpetuate the fragility of West African governments, civilian or military, as they seek to rule over large, impoverished populations with little reason to be loyal to their leaders of the moment.

Here in Freetown, there may be an even bigger problem. Sierra Leone faces the potential of another coup, more violent and more radical than the current one, officers and political analysts say.

The ruling Armed Forces Revolutionary Council is dominated by colonels, generals and other officers. But real power is held by a coalition of younger, poorer, angrier men. They are enlisted army regulars and guerrillas of the Revolutionary United Front, a rural-based rebel movement that has fought the government from deep in the forest since 1990, demanding that the poor majority receive a greater share of the country's wealth.

Impatient with the new leadership's inability to consolidate its rule and normalize life here, the enlisted soldiers and their guerrilla allies "accuse us officers, not trying," said a colonel on the

ruling council. "They could turn their guns on us again."

In the coup's first days, clashes were reported between the army and the Revolutionary United Front. In the last week, the guerrillas have placed units in strategic locations in the city. Officers say they have persuaded the rebel front to pull back from some of them.

"We need to encamp and disarm them," a senior officer said.

Those who initiated this coup were not power-greedy military officers, said Babatunde Blyden, a scholar who heads a local organization promoting civic education. They were the men with guns among a desperate majority of citizens who cannot make enough money even to feed themselves, he said.

"This is a war of people who have been deprived of everything," he said.

UN statistics show Sierra Leone as a perennial contender for the world's most impoverished country. Average life expectancy is 40 to 45 years, and the average annual income is \$150. About 75 percent of Sierra Leoneans are subsistence farmers. Mr. Blyden estimates that more than half of the population lives below an adequate subsistence level.

Yet the country is rich in farmland, as well as diamonds and other minerals that yield profits for foreign investors and help sustain a wealthy elite of locals and foreigners in Freetown.

The desperation of the poor helped create the Revolutionary United Front. And, according to soldiers and civilians, that desperation also sparked the coup.

Sierra Leone seemed to be inching toward democracy and stability last year, when a previous military government held an election and handed power to its winner, President Ahmad Tejan Kabbah. He quickly negotiated peace with the rebel front.

Mr. Kabbah "certainly is an honest and decent man," said Olu Gordon, a leading Freetown journalist. But with what he and other observers said was bad advice from his defense chief, Mr. Kabbah cut benefits to soldiers and an-

nounced that the army would be shrunk.

Before the pay cut, soldiers "could barely survive on our salaries," said Umaru Jalloh, an army warrant officer, who was paid \$18 and four bags of rice a month. The family ate two bags and sold one for other food. The last bag was sold to pay school fees for his six children.

When Mr. Kabbah halved the rice ration, Mr. Jalloh knew that there would be a coup and that he would join it, he said. "If a soldier cannot feed his family, how can he sit in his barracks?" he asked.

A corporal, Tamba Gborie, organized the coup and recruited the men who now is his public leader — the ruling council chairman, Major Johnny Paul Koromah. Major Koromah was in jail awaiting trial for an earlier coup plot, and Corporal Gborie launched his takeover by attacking the prison and springing Major Koromah — and the other inmates.

But Corporal Gborie's troops began arresting all other senior officers, locking them up in the Defense Ministry and giving every sign of planning to kill them, officers said.

"They kept us in there for two days, a lieutenant colonel said. "They forced us to stay in our seats. We had to ask permission to be taken to the toilet."

In the streets, poor soldiers vented their sense of injustice by looting and were joined within days by fighters from the rebel front in the countryside. It is not clear whether the soldiers and rebels had planned in advance to work together, but in any case, now "these two groups are joining," Mr. Blyden said. "They understand each other's poverty."

That has left the senior officers isolated. Two high-ranking members of the ruling council said they could control the lower ranks and rebels, whose continued looting has terrorized the residents of Freetown. Senior officers said they have had to argue with younger men to avoid the arrests of politicians, labor leaders and others who condemn the coup and urge the population to paralyze it by refusing to work.

TRAVEL UPDATE

Bonn to Ban Cell Phones on Flights

BONN (AFP) — Passengers using cellular phones or personal computers during commercial flights may face up to two years in prison if the German government's plans are approved by Parliament.

A bill adopted Wednesday by the cabinet bans the use of all consumer electronics — including tape recorders and compact-disk players — because they may interfere with aircraft systems and cause security lapses, the Transportation Ministry said. Violations would be punishable with imprisonment or fines of up to 100,000 Deutsche marks (\$59,000).

If approved by Parliament, the bill could take effect before the end of the year.

Madame Tussaud's Goes to Asia

MELBOURNE (Reuters) — Madame Tussaud's wax museum of London will make a rare foray outside Europe when it brings many of its wax figures to Asia later this year. More than 100 wax statues, representing best-known fig-

ures of history and contemporary life, will tour Australia and Southeast Asia, starting in Melbourne in October.

Canterbury to Charge Admission

LONDON (Reuters) — Canterbury Cathedral, the spiritual home of the worldwide Anglican Church, will charge entrance fees to Sunday visitors.

Cathedral authorities said their concerns were prompted by safety and not economics, because they are seeking to avoid "disruptive and dangerous crowding" in the cathedral, which attracts more than 1.7 million visitors a year.

The Mexican government canceled a tropical storm warning as the storm turned away from Mexico's southern coast and headed off into the Pacific after strong winds forced several ports to close. There were no reports of damage. (AP)

The Iranian airline Bon-Air has begun a weekly air service between the northwestern city of Tabriz and Damascus, the official press agency IRNA reported. (AFP)

Talks Halted as Tobacco Firms Split Over Nicotine Regulation

WASHINGTON — Settlement talks between the tobacco industry and its adversaries have recessed after the tobacco companies split over the scope of federal regulation of nicotine in cigarettes. It is the first visible rift on the industry side since the negotiations began April 3, according to sources on both sides of the talks.

BAT Industries, parent company of Brown & Williamson Tobacco Co., balked at a proposal that could allow the Food and Drug Admin-

istration gradually to reduce nicotine to nonaddictive levels after 10 or 12 years, according to people close to the talks. However, Philip Morris Cos. and R.J. Reynolds Tobacco, the nation's two largest cigarette makers, have been willing to negotiate on the issue and have backed off their long-standing opposition to any such regulation, say people involved in the talks.

The tobacco companies' foes envision a two-tier system in which the FDA would be restricted to radically altering nicotine levels in tobacco products for the first 10 or 12 years after the agreement is reached. But once that time had passed, the agency would have greater leeway to alter nicotine levels.

The internal disagreement raised yet another hurdle to reaching a settlement that would resolve scores of lawsuits against the industry.

The Zurich All Suite Hotel

your Residence in the heart of Zurich, very generous, elegant and distinguished. Ask for office.

No charge for 1st night. 1st night 120.- CHF. 2nd night 120.- CHF. 3rd night 120.- CHF. 4th night 120.- CHF. 5th night 120.- CHF. 6th night 120.- CHF. 7th night 120.- CHF. 8th night 120.- CHF. 9th night 120.- CHF. 10th night 120.- CHF. 11th night 120.- CHF. 12th night 120.- CHF. 13th night 120.- CHF. 14th night 120.- CHF. 15th night 120.- CHF. 16th night 120.- CHF. 17th night 120.- CHF. 18th night 120.- CHF. 19th night 120.- CHF. 20th night 120.- CHF. 21st night 120.- CHF. 22nd night 120.- CHF. 23rd night 120.- CHF. 24th night 120.- CHF. 25th night 120.- CHF. 26th night 120.- CHF. 27th night 120.- CHF. 28th night 120.- CHF. 29th night 120.- CHF. 30th night 120.- CHF. 31st night 120.- CHF. 32nd night 120.- CHF. 33rd night 120.- CHF. 34th night 120.- CHF. 35th night 120.- CHF. 36th night 120.- CHF. 37th night 120.- CHF. 38th night 120.- CHF. 39th night 120.- CHF. 40th night 120.- CHF. 41st night 120.- CHF. 42nd night 120.- CHF. 43rd night 120.- CHF. 44th night 120.- CHF. 45th night 120.- CHF. 46th night 120.- CHF. 47th night 120.- CHF. 48th night 120.- CHF. 49th night 120.- CHF. 50th night 120.- CHF. 51st night 120.- CHF. 52nd night 120.- CHF. 53rd night 120.- CHF. 54th night 120.- CHF. 55th night 120.- CHF. 56th night 120.- CHF. 57th night 120.- CHF. 58th night 120.- CHF. 59th night 120.- CHF. 60th night 120.- CHF. 61st night 120.- CHF. 62nd night 120.- CHF. 63rd night 120.- CHF. 64th night 120.- CHF. 65th night 120.- CHF. 66th night 120.- CHF. 67th night 120.- CHF. 68th night 120.- CHF. 69th night 120.- CHF. 70th night 120.- CHF. 71st night 120.- CHF. 72nd night 120.- CHF. 73rd night 120.- CHF. 74th night 120.- CHF. 75th night 120.- CHF. 76th night 120.- CHF. 77th night 120.- CHF. 78th night 120.- CHF. 79th night 120.- CHF. 80th night 120.- CHF. 81st night 120.- CHF. 82nd night 120.- CHF. 83rd night 120.- CHF. 84th night 120.- CHF. 85th night 120.- CHF. 86th night 120.- CHF. 87th night 120.- CHF. 88th night 120.- CHF. 89th night 120.- CHF. 90th night 120.- CHF. 91st night 120.- CHF. 92nd night 120.- CHF. 93rd night 120.- CHF. 94th night 120.- CHF. 95th night 120.- CHF. 96th night 120.- CHF. 97th night 120.- CHF. 98th night 120.- CHF. 99th night 120.- CHF. 100th night 120.- CHF. 101st night 120.- CHF. 102nd night 120.- CHF. 103rd night 120.- CHF. 104th night 120.- CHF. 105th night 120.- CHF. 106th night 120.- CHF. 107th night 120.- CHF. 108th night 120.- CHF. 109th night 120.- CHF. 110th night 120.- CHF. 111th night 120.- CHF. 112th night 120.- CHF. 113th night 120.- CHF. 114th night 120.- CHF. 115th night 120.- CHF. 116th night 120.- CHF. 117th night 120.- CHF. 118th night 120.- CHF. 119th night 120.- CHF. 120th night 120.- CHF. 121st night 120.- CHF. 122nd night 120.- CHF. 123rd night 120.- CHF. 124th night 120.- CHF. 125th night 120.- CHF. 126th night 120.- CHF. 127th night 120.- CHF. 128th night 120.- CHF. 129th night 120.- CHF. 130th night 120.- CHF. 131st night 120.- CHF. 132nd night 120.- CHF. 133rd night 120.- CHF. 134th night 120.- CHF. 135th night 120.- CHF. 136th night 120.- CHF. 137th night 120.- CHF. 138th night 120.- CHF. 139th night 120.- CHF. 140th night 120.- CHF. 141st night 120.- CHF. 142nd night 120.- CHF. 143rd night 120.- CHF. 144th night 120.- CHF. 145th night 120.- CHF. 146th night 120.- CHF. 147th night 120.- CHF. 148th night 120.- CHF. 149th night 120.- CHF. 150th night 120.- CHF. 151st night 120.- CHF. 152nd night 120.- CHF. 153rd night 120.- CHF. 154th night 120.- CHF. 155th night 120.- CHF. 156th night 120.- CHF. 157th night 120.- CHF. 158th night 120.- CHF. 159th night 120.- CHF. 160th night 120.- CHF. 161st night 120.- CHF. 162nd night 120.- CHF. 163rd night 120.- CHF. 164th night 120.- CHF. 165th night 120.- CHF. 166th night 120.- CHF. 167th night 120.- CHF. 168th night 120.- CHF. 169th night 120.- CHF. 170th night 120.- CHF. 171st night 120.- CHF. 172nd night 120.- CHF. 173rd night 120.- CHF. 174th night 120.- CHF. 175th night 120.- CHF. 176th night 120.- CHF. 177th night 120.- CHF. 178th night 120.- CHF. 179th night 120.- CHF. 180th night 120.- CHF. 181st night 120.- CHF. 182nd night 120.- CHF. 183rd night 120.- CHF. 184th night 120.- CHF. 185th night 120.- CHF. 186th night 120.- CHF. 187th night 120.- CHF. 188th night 120.- CHF. 189th night 120.- CHF. 190th night 120.- CHF. 191st night 120.- CHF. 192nd night 120.- CHF. 193rd night 120.- CHF. 194th night 120.- CHF. 195th night 120.- CHF. 196th night 120.- CHF. 197th night 120.- CHF. 198th night 120.- CHF. 199th night 120.- CHF. 200th night 120.- CHF. 201st night 120.- CHF. 202nd night 120.- CHF. 203rd night 120.- CHF. 204th night 120.- CHF. 205th night 120.- CHF. 206th night 120.- CHF. 207th night 120.- CHF. 208th night 120.- CHF. 209th night 120.- CHF. 210th night 120.- CHF. 211th night 120.- CHF. 212nd night 120.- CHF. 213th night 120.- CHF. 214th night 120.- CHF. 215th night 120.- CHF. 216th night 120.- CHF. 217th night 120.- CHF. 218th night 120.- CHF. 219th night 120.- CHF. 220th night 120.- CHF. 221st night 120.- CHF. 222nd night 120.- CHF. 223rd night 120.- CHF. 224th night 120.- CHF. 225th night 120.- CHF. 226th night 120.- CHF. 227th night 120.- CHF. 228th night 120.- CHF. 229th night 120.- CHF. 230th night 120.- CHF. 231st night 120.- CHF. 232nd night 120.- CHF. 233rd night 120.- CHF. 234th night 120.- CHF. 235th night 120.- CHF. 236th night 120.- CHF. 237th night 120.- CHF. 238th night 120.- CHF. 239th night 120.- CHF. 240th night 120.- CHF. 241st night 120.- CHF. 242nd night 120.- CHF. 243rd night 120.- CHF. 244th night 120.- CHF. 245th night 120.- CHF. 246th night 120.- CHF. 247th night 120.- CHF. 248th night 120.- CHF. 249th night 120.- CHF. 250th night 120.- CHF. 251st night 120.- CHF. 252nd night 120.- CHF. 253rd night 120.- CHF. 254th night 120.- CHF. 255th night 120.- CHF. 256th night 120.- CHF. 257th night 120.- CHF. 258th night 120.- CHF. 259th night 120.- CHF. 260th night 120.- CHF. 261st night 120.- CHF. 262nd night 120.- CHF. 263rd night 120.- CHF. 264th night 120.- CHF. 265th night 120.- CHF. 266th night 120.- CHF. 267th night 120.- CHF. 268th night 120.- CHF. 269th night 120.- CHF. 270th night 120.- CHF. 271st night 120.- CHF. 272nd night 120.- CHF. 273rd night 120.- CHF. 274th night 120.- CHF. 275th night 120.- CHF. 276th night 120.- CHF. 277th night 120.- CHF. 278th night 120.- CHF. 279th night 120.- CHF. 280th night 120.- CHF. 281st night 120.- CHF. 282nd night 120.- CHF. 283rd night 120.- CHF. 284th night 120.- CHF. 285th night 120.- CHF. 286th night 120.- CHF. 287th night 120.- CHF. 288th night 120.- CHF. 289th night 120.- CHF. 290th night 120.- CHF. 291st night 120.- CHF. 292nd night 120.- CHF. 293rd night 120.- CHF. 294th night 120.- CHF. 295th night 120.- CHF. 296th night 120.- CHF. 297th night 120.- CHF. 298th night 120.- CHF. 299th night 120.- CHF. 300th night 120.- CHF. 301st night 120.- CHF. 302nd night 120.- CHF. 303rd night 120.- CHF. 304th night 120.- CHF. 305th night 120.- CHF. 306th night 120.- CHF. 307th night 120.- CHF. 308th night 120.- CHF. 309th night 120.- CHF. 310th night 120.- CHF. 311st night 120.- CHF. 312nd night 120.- CHF. 313th night 120.- CHF. 314th night 120.- CHF. 315th night 120.- CHF. 316th night 120.- CHF. 317th night 120.- CHF. 318th night 120.- CHF. 319th night 120.- CHF. 320th night 120.- CHF. 321st night 120.- CHF. 322nd night 120.- CHF. 323rd night 120.- CHF. 324th night 120.- CHF. 325th night 120.- CHF. 326th night 120.- CHF. 327th night 120.- CHF. 328th night 120.- CHF. 329th night 120.- CHF. 330th night 120.- CHF. 331st night 120.- CHF. 332nd night 120.- CHF. 333rd night 120.- CHF. 334th night 120.- CHF. 335th night 120.- CHF. 336th night 120.- CHF. 337th night 120.- CHF. 338th night 120.- CHF. 339th night 120.- CHF. 340th night 120.- CHF. 341st night 120.- CHF. 342nd night 120.- CHF. 343rd night 120.- CHF. 344th night 120.- CHF. 345th night 120.- CHF. 346th night 120.- CHF. 347th night 120.- CHF. 348th night 120.- CHF. 349th night 120.- CHF. 350th night 120.- CHF. 351st night 120.- CHF. 352nd night 120.- CHF. 353rd night 120.- CHF. 354th night 120.- CHF. 355th night 120.- CHF. 356th night 120.- CHF. 357th night 120.- CHF. 358th night 120.- CHF. 359th night 120.- CHF. 360th night 120.- CHF. 361st night 120.- CHF. 362nd night 120.- CHF. 363rd night 120.- CHF. 364th night 120.- CHF. 365th night 120.- CHF. 366th night 120.- CHF. 367th night 120.- CHF. 368th night 120.- CHF. 369th night 120.- CHF. 370th night 120.- CHF. 371st night 120.- CHF. 372nd night 120.- CHF. 373rd night 120.- CHF. 374th night 120.- CHF. 375th night 120.- CHF. 376th night 120.- CHF. 377th night 120.- CHF. 378th night 120.- CHF. 379th night 120.- CHF. 380th night 120.- CHF. 381st night 120.- CHF. 382nd night 120.- CHF. 383rd night 120.- CHF. 384th night 120.- CHF. 385th night 120.- CHF. 386th night 120.- CHF. 387th night 120.- CHF. 388th night 120.- CHF. 389th night 120.- CHF. 390th night 120.- CHF. 391st night 120.- CHF. 392nd night 120.- CHF. 393rd night 120.- CHF. 394th night 120.- CHF. 395th night 120.- CHF. 396th night 120.- CHF. 397th night 120.- CHF. 398th night 120.- CHF. 399th night 120.- CHF. 400th night 120.- CHF. 401st night 120.- CHF. 402nd night 120.- CHF. 403rd night 120.- CHF. 404th night 120.- CHF. 405th night 120.- CHF. 406th night 120.- CHF. 407th night 120.- CHF. 408th night 120.- CHF. 409th night 120.- CHF. 410th night 120.- CHF. 411st night 120.- CHF. 412nd night 120.- CHF. 413th night 120.- CHF. 414th night 120.- CHF. 415th night 120.- CHF. 416th night 120.- CHF. 417th night 120.- CHF. 418th night 120.- CHF. 419th night 120.- CHF. 420th night 120.- CHF. 421st night 120.- CHF. 422nd night 120.- CHF. 423rd night 120.- CHF. 424th night 120.- CHF. 425th night 120.- CHF. 426th night 120.- CHF. 427th night 120.- CHF. 428th night 120.- CHF. 429th night 120.- CHF. 430th night 120.- CHF. 431st night 120.- CHF. 432nd night 120.- CHF. 433rd night 120.- CHF. 434th night 120.- CHF. 435th night 120.- CHF. 436th night 120.- CHF. 437th night 120.- CHF. 438th night 120.- CHF. 439th night 120.- CHF. 440th night 120.- CHF. 441st night 120.- CHF. 442nd night 120.- CHF. 443rd night 120.- CHF. 444th night 120.- CHF. 445th night 120.- CHF. 446th night 120.- CHF. 447th night 120.- CHF. 448th night 120.- CHF. 449th night 120.- CHF. 450th night 120.- CHF. 451st night 120.- CHF. 452nd night 120.- CHF. 453rd night 120.- CHF. 454th night 120.- CHF. 455th night 120.- CHF. 456th night 120.- CHF. 457th night 120.- CHF. 458th night 120.- CHF. 459th night 120.- CHF. 460th night 120.- CHF. 461st night 120.- CHF. 462nd night 120.- CHF. 463rd night 120.- CHF. 464th night 120.- CHF. 465th night 120.- CHF. 466th night 120.- CHF. 467th night 120.- CHF. 468th night 120.- CHF. 469th night 120.- CHF. 470th night 120.- CHF. 471st night 120.- CHF. 472nd night 120.- CHF. 473rd night 120.- CHF. 474th night 120.- CHF. 475th night 120.- CHF. 476th night 120.- CHF. 477th night 120.- CHF. 478th night 120.- CHF. 479th night 120.- CHF. 480th night 120.- CHF. 481st night 1

THE AMERICAS

هنا من الأصل

Congressional Bliss: Tax Less, Spend More

Budget Agreement Frees Lawmakers
To Pass Around Some of the Benefits

By David E. Rosenbaum
New York Times Service

WASHINGTON — For all the anguish they say they went through to get an agreement to balance the budget within five years, what members of Congress are really doing now is what they enjoy most: cutting taxes and increasing spending.

This is the first time in 15 years that they have allowed themselves this luxury. Ever since economists and politicians discovered in 1982 that the tax cuts enacted the year before would lead to an explosion in the budget deficit, the main item of business in Congress has been to decide who would pay higher taxes and who would be pinched by the belt-tightening needed to bring the deficit under control.

But next year, if the budget agreement is followed, the deficit will ac-

states and the federal government. In fact, retirees would get new coverage for mammograms, Pap smears and screenings for prostate and colon cancer.

The savings in Medicare would be extracted from doctors, hospitals, nursing homes and other providers of medical care. Their lobbyists will complain, of course, but they may get less of a hearing than they usually do. Studies show that in the main, the federal government is paying more for the providers' services under Medicare than the providers are getting from patients who have private insurance coverage.

Many specialists on budget policy defend this year's agreement as better than nothing.

"This is not the deal we wanted," said Martha Phillips, executive director of the Concord Coalition, a nonpartisan organization that lobbies for a balanced budget. "But it is absolutely better than no deal at all, and there's very little chance of replacing it with anything better."

White House officials brag, with some justification, that under President Bill Clinton, the deficit has been cut by more than 75 percent, from \$290 billion in 1992. There is no reason to believe, they say, that the final decisions will not be made to wipe out the deficit completely — in 2001 and 2002, when Mr. Clinton is no longer in the White House.

But other budget specialists are skeptical. Robert Reischauer, former director of the Congressional Budget Office, put it this way: "This was an agreement between the 105th Congress and President Clinton to have the 107th Congress and — who? President Gore? — engage in fiscal restraint. One has reason to doubt that the political system will deliver in 2002 on a promise made in 1997."

This is Mr. Reischauer's point: The politicians can always renege on their promise to cut spending in 2001 and 2002. They have carefully avoided saying which government programs should be trimmed, and they probably have not thought much about it.

Furthermore, if the effects of the Medicare savings turn out to be more severe than expected, and retirees begin experiencing reduced medical services, it is a safe bet that the lawmakers will leap in and fix the problem. But once a tax break is on the books, it is almost impossible to get it removed.



FREE AT LAST — Elmer Pratt celebrating outside the Orange County Jail in Santa Ana, California, with his wife, Ashaki, after he was released on bail after 27 years in prison. A judge has ordered prosecutors to give Mr. Pratt a new murder trial or drop his case.

AMERICAN TOPICS

Baby Boomers Hit the Spas

Barbara Weaver treated herself for her 48th birthday, paying \$105 to be bathed in sea mud, wrapped in plastic and put under sun lamps. "It made me feel like a million bucks," the Chicago real estate agent said.

Baby boomers are spending millions for precisely that feeling.

They are turning to day spas, which offer the amenities of an Arizona resort but the convenience of a long lunch.

Boomers are "getting older and they don't want to get older," said Stephanie Matolyak of Spa-Finders magazine in New York. A decade ago, the country had about 30 day spas, doing \$50 million in business a year, Ms. Matolyak said. Now there are 600, in an industry worth \$250 million.

Got \$350 a day to burn? At The Grand salon in Chicago, that will buy you a hair styling, manicure, pedicure, facial, massages, Champagne lunch, herbal body wrap, body polishing — and transportation by limousine. Men apparently constitute about one-third of the salon's clients, typical for the industry.

But women are the driving force. "They have a family, they're the mom, they do the career," said Richel D'Ambra, owner of a spa in Philadelphia. "Before, the term was 'supermom.' Well, supermom needs a rest."

Short Takes

Speaking of manicures, the really together man of the '90s has a new grooming option, says U.S. News & World Report: nail polish. After Urban Decay last year introduced a line of guy-oriented colors with names like Uzi (gunmetal gray) and Asphalt (silver-speckled black), Hard Candy cosmetics has created a line with names even more unmistakably macho: Testosterone (slate silver), Libido (teal) and Dog (deep purple). Sales have been solid.

It's a real-life dilemma in toyland: Barbie's disabled friend, Share a Smile Becky, cannot fit into the elevator of the \$100, two-story Barbie Dream House. Kjersti Johnson, 17, a high school student in Tacoma, Washington, who has cerebral palsy, complained about the Dream House's lack of access. "How ironic and true," she wrote. "Housing for people with disabilities that is not accessible!" Mattel said all future doll accessories will be wheelchair-accessible. Thousands of Becky dolls have been sold since they were introduced in May.

Hordes of nutria, sharp-toothed rodents with webbed feet, have invaded at least 40 states, eating their way across rice fields in Texas and building burrows in Louisiana that threaten dikes. Popular Mechanics reports. Nutria pelts are used in fur coats, but a drop in demand led many breeders to release the animals, which can eat three pounds of food a day. Experts in Maryland say it could take eight years and cost \$3 million to be rid of the animals.

Brian Knowlton

NEWS ANALYSIS

ally rise — to \$90 billion from \$67 billion this year, according to estimates made by the Congressional Budget Office.

The deficit is not scheduled to fall below this year's level until 2001.

This week, the Ways and Means Committee of the House of Representatives is taking the first step toward parceling out tax reductions to families and investors. Many of the new tax breaks under consideration, including a lower tax rate on capital gains, are being structured so that the revenue loss will be small in the next few years but will mushroom in the next century — when some future Congress can worry about the problem.

In addition, a spending freeze that has been in effect since 1990, under Democratic and Republican presidents and Democratic and Republican Congresses, has been lifted, and additional money will be approved this year for popular education and health programs.

True, the lawmakers have begun writing legislation that would pare \$115 billion from what would otherwise be spent on Medicare in the next five years. But except for an increase in premiums of less than \$10 a month, the savings would not come from retirees, the main beneficiaries of the health-care program, which is financed jointly by the

U.S. Poll Gloomy on Race Relations

By Steven A. Holmes
New York Times Service

WASHINGTON — As President Bill Clinton prepares this week to deliver an address on race relations, a survey shows that a majority of Americans are pessimistic that blacks and whites will ever learn to get along.

The most despairing among those polled by the Gallup organization were young, college-educated blacks.

According to the survey, 55 percent of both blacks and whites believe that relations between whites and blacks will "always be a problem" in the United States, while 42 percent say that a solution will eventually be found.

As Mr. Clinton was preparing his speech on race relations which will be delivered Saturday in San Diego, the survey provided fresh evidence of how

daunting a task he faces. In one sharp difference, whites generally opposed and blacks supported increased governmental efforts like affirmative action to boost black achievement.

"When he does advocate those types of remedies for problems, he will certainly have agreement from the black American community that that's an appropriate action," said Frank Newport, editor-in-chief of the Gallup poll, "but he'll be running up against a wall of attitudes of white Americans who are saying we don't see that there are problems currently and we don't believe therefore it is necessary for the government to intervene."

Only 6 percent of whites and 10 percent of blacks rated themselves as prejudiced toward other racial groups, suggesting most feel they do not need exhortations about tolerance.

To produce its findings, Gallup interviewed 3,036 adults over the age of 17 from Jan. 4 through Feb. 28. To make sure it accurately gauged black attitudes, the poll surveyed 1,269 African-Americans, a far larger proportion of the total number of people surveyed than is usually included in such a poll.

Among the more intriguing findings of the survey was the amount of pessimism among African-Americans. The poll indicated that 76 percent of black college graduates said race relations would always be troublesome for the country, while 56 percent of blacks who have not earned a college degree felt that way.

Blacks under 25 years old also felt that race relations would always be a problem while those over 65 were more likely to say things would be worked out.

Away From Politics

Lawyers for Timothy McVeigh wrapped up their attempt to save him from the death penalty with his mother, Mildred Frazier, saying her son is a human being who deserves to live, "not the monster he's been portrayed as." Closing arguments were set for Thursday. (AP)

Seventeen members of the Outlaws motorcycle gang were arrested in Milwaukee, after a two and a half year investigation, on charges including murder, bombing, arson and racketeering in a long, bloody turf war with the rival Hells Angels. (AP)

Charles Manson, the murderer, has been put in solitary confinement after being found guilty of drug-trafficking inside Corcoran State Prison in California, prison officials said. (Reuters)

A jury was seated in Iowa, Michigan, for Jack Kevorkian's fourth trial stemming from his role in an assisted suicide. He has been charged with Tom Schiavone — including violating the state's ban on physician-assisted suicide — in connection with the death of Louise Peabody, who suffered from multiple sclerosis. (Reuters)

The sensation of time



CONCORD®
Watchmakers Since 1908
S W I S S

CONCORD
SARATOGA® SL

Pure pleasure
on the wrist...
Gold,
rich, solid,
elaborate karat
(coupled with
stainless steel),
milled by hand,
link by link,
into a timepiece
that quickens
the pulse.



Elie Chedid S.A.
c/o Horlogerie du Rhône
Geneva, Switzerland
Tel: +41 22 510 43 38

Galeries Lafayette
Paris, France
Tel: +33 1 42 82 87 43
Concord Watch Company
Blaine, Switzerland
Tel: +41 32 323 34 00
Fax: +41 32 323 36 01



Grand Miroir d'Acier, 1956
Edouard Constant

We believe in
true values.
The kind you collect.
And the kind you invest in.

We cordially invite you to admire a
varied selection of works by Edouard
Marcel Sandoz, on display at our
premises until the end of September.
Above and beyond its symbolic
value, this exhibition brings together
under the same roof human values
and leading-edge technology.
It proclaims both our attachment to
our Swiss roots and the identity of
our sole shareholder, the
"Fondation de Famille Sandoz."



BANK EDOUARD CONSTANT

BANK EDOUARD CONSTANT LTD - Cours de Rive 11 - P.O. Box - CH 1211 Geneva 3 - Tel. (41 22) 787 31 11 - Fax (41 22) 735 33 70
London Representative Office - 2 Studio Place - Kingdome Street - London SW1X 8EW - Tel. (44 171) 235 4441 - Fax (44 171) 823 1652
GENEVA - ZURICH - LONDON - MONACO - LUXEMBOURG

INTERNATIONAL

Amnesty Official Grim About Rights in Kenya

Fair Elections This Year Held Impossible Without Constitutional Reforms by Moi

By James McKinley Jr.
New York Times Service

NAIROBI — Amnesty International, the human rights organization, said Wednesday that Kenya's general elections later this year would not be fair unless constitutional reforms were made and repressive public-order laws repealed.

Ending a two-week fact-finding visit, Pierre Sane, secretary-general of the London-based group, painted a bleak picture of human rights in Kenya. He criticized the government of President Daniel arap Moi for using colonial-era security laws to break up opposition rallies and called on Western countries to flood Kenya with election monitors.

"Elections can't be free and fair if people are intimidated and harassed, if people are not allowed to talk directly to the electorate," he said.

Mr. Sane said opposition leaders were often arrested without cause and in a few cases attempts had been made on their lives. Meetings and rallies have been dispersed by the police, sometimes violently, he added. Journalists, charity leaders and human rights advocates also have been harassed, he said.

In general, Mr. Sane said, Kenya has made little progress on human rights in recent years. He said arbitrary arrests were still common and the police regularly used torture and beatings to extract confessions from suspects.

Senior government officials deny most of Mr. Sane's charges.

"The government is not kind to any of its officers who transgress the law," George Saitoti, the vice president, said in

a written response to Amnesty's criticisms. "They are effectively disciplined and often brought to justice."

Mr. Sane's remarks come as a debate is growing over reforming the constitution and repealing colonial-era laws.

Opposition leaders say the constitution itself gives Mr. Moi's ruling party, the Kenya African National Union, an unfair advantage in elections. Though Mr. Moi got less than 40 percent of the popular vote in 1992, he still retains complete control of the government. The rest of the vote was split among other candidates along tribal lines.

Unable to agree among themselves on a single candidate to challenge Mr. Moi this time around, the splintered opposition factions have been galvanized in recent months by the issue of constitutional reform. They have called for amendments that would force a runoff if the president does not win a majority of the popular vote. They are also pushing for amendments that would allow a coalition government to be formed.

Not surprisingly, Mr. Moi has ruled out such changes and has promised to crack down on politicians agitating for reforms. On May 31, he did that, when the police used rubber bullets and tear gas to disperse a peaceful protest for reform in Nairobi, setting off street battles and looting for two days. More protests are planned later this month.

"We are going out on the street," said Maina Kiai, executive director of the Kenya Human Rights Commission. "Moi will understand when somebody dies in these breakups, but I think people are willing to die."

DUES: Helms Backs Plan to Pay UN Bill

Continued from Page 1

tween the administration and Mr. Helms, according to officials.

The bill would authorize payment to the United Nations of \$819 million in back dues and assessments and would forgive \$106 million that Washington says it is owed by the UN. The United States calculates that as a total contribution of \$925 million over three years.

The United Nations says the United States owes more than \$1 billion and disputes that it owes the United States \$106 million. But the bill negotiated by Mr. Helms and the Foreign Relations Committee's ranking Democrat, Senator Joseph Biden Jr. of Delaware, would require the United Nations to accept the \$925 million as payment in full.

In addition, payment would be conditioned on a reduction in the percentage of the UN budget that the United States is required to pay each year. The United States cannot impose that change unilaterally, but would try to persuade the other UN members to accept it as the price to be paid for the back dues.

"We're concerned with some provisions of the legislation, but the bill is a major step in the right direction," Bill Richardson, the chief U.S. delegate to the United Nations, said Tuesday.

"I think it's a pretty good deal, the whole ball of wax," Mr. Biden said. "Helms has operated in good faith. I consulted every inch of the way with the administration, and on balance the whole package is O.K."

A House counterpart to the legislation, likely to come to a vote this week, does not provide for the U.S. repayments. But the strategy of Mr. Helms and Mr. Biden, congressional sources said, is to produce a Senate bill that will have their names on it, and then use Mr. Helms's imprimatur to sell the package to the Republican-controlled House. As described by Mr. Biden and Mr. Richardson and outlined in a fact sheet distributed by Mr. Helms's staff, the Foreign Relations Committee measure contains something for just

about everyone involved in the long struggle over U.S. relations with the United Nations and over the future of the State Department and other foreign policy agencies.

The administration would get the money to pay a UN debt that Secretary of State Madeleine Albright and other senior officials say has eroded the country's credibility in the world body.

The administration would also get a reorganization plan that generally follows President Bill Clinton's proposal, merging the Arms Control and Disarmament Agency and the United States Information Agency into the State Department, and giving the State Department increased control over the Agency for International Development, which runs foreign aid programs.

Mr. Helms would get UN reforms and spending cuts that he has long sought, including a ban on major UN conferences in cities other than New York, Geneva, Rome and Vienna — that is, no more UN-funded extravaganzas in Cairo, Beijing, Istanbul or other capitals where the United Nations does not already have an established operation.

Mr. Helms would also get a State Department reorganization plan that he proposed and fought for in Mr. Clinton's first term, while the White House was opposing it. The plan now supported by Mr. Clinton generally follows the lines of Mr. Helms's proposal from the previous Congress, a reflection of a decision by Mr. Clinton and Mrs. Albright to court Mr. Helms this time around.

In addition, Mr. Helms and Mr. Biden would go far toward achieving their goal of re-establishing the importance of the Foreign Relations Committee. For years, the committee and its House counterpart have failed to produce a State Department budget authorization bill, leaving the Appropriations Committee to set foreign policy spending levels.

According to Mr. Biden, key appropriators have agreed this year not to move on a spending bill until the authorization bill has been approved.

DINOSAUR: A Fragment of Ancient Life

Continued from Page 1

tests in an article published this week in The Proceedings of the National Academy of Sciences.

In one of the tests, they injected ground-up dinosaur bone into rats to see if the animals would become immunized against dinosaur blood. Since no dinosaur was at hand to check if the vaccination was successful, a turkey was chosen as stand-in, on the theory that if birds descended from dinosaurs the turkey could be a close enough cousin to Tyrannosaurus rex, at least immunologically speaking.

The rats did react to turkey blood, evidence that they had made antibodies to some part of the hemoglobin molecule.

Ms. Schweitzer said the rats' immune systems were probably reacting to a fragment of hemoglobin, not the whole

molecule. Another chemical test suggested that the heme was attached to a protein fragment.

S. Blair Hedges, an evolutionary biologist at Pennsylvania State University, said he had found Ms. Schweitzer's article convincing, since she had gathered "a pretty substantial body of evidence supporting the preservation of these biomolecules in dinosaur bone."

Norman Pace, the member of the National Academy of Sciences who recommended Ms. Schweitzer's article for publication in the academy's journal, said, "I think she did a real careful job, the best that can be done with present technology."

The significance of Ms. Schweitzer's work probably lies in its message to other paleontologists that biological molecules are worth looking for in fossils, though carefully.

The long-standing belief that proteins and DNA could not survive for millions of years has not been greatly changed by recent assertions to the contrary, since many of these claims are widely doubted.

Ms. Schweitzer said that the lightly mineralized state of the dinosaur was unusual but far from unique and that she believed that molecular evidence might be preserved in fossils more commonly than thought.

Genuine DNA data from fossils would be greatly prized because its genetic information would help reconstruct the pathways of evolution. Protein data, Ms. Schweitzer suggested, could yield immunological information that would clarify the relationship between extinct species.



CLOSE QUARTERS — A Taiwan guard watching over Chinese illegal immigrants at a detention center in Hsinchu county, south of Taipei, on Wednesday. Over 250 are being held awaiting repatriation to China.

CONGO: Evidence Mounts of Mass Killings by Kabila's Forces

Continued from Page 1

some 500,000 Rwandan Tutsi civilians. Rwandan Tutsi guerrillas then attacked, in part from bases in Uganda, and ousted the Hutu from power. The radical Hutu fled into what was then Zaire, bringing with them 1 million refugees.

Their goal was very similar to that of the Tutsi who ousted them: to use another country, in this case Zaire, as a base from where they could train and one day return victorious to Rwanda. Last year, the Hutu began launching an increasing number of attacks into Rwanda, from bases in the refugee camps of Zaire.

In October, soldiers and officers of the Tutsi-dominated Rwandan Army, after training for about a year with other pro-Kabila forces in the Rwandan jungle, entered Zaire along with the other forces, including Zairian Tutsi, to crush the Hutu security threat.

With Mr. Kabila at its head, the movement declared it was out to unseat Marshal Mobutu. But United Nations officials and Congolese officers in Mr. Kabila's army say its highest priorities — which have remained prominent — were to remove the Hutu from the border with Rwanda and to crush the radical Hutu movement by killing as many refugees as possible.

In interviews, soldiers fighting for Mr. Kabila indicated that the massacres were ordered by the Rwandan Army officers who dominated Mr. Kabila's officer corps.

In Mbandaka, for example, soldiers said the order to slaughter unarmed refugees came from two brigade colonels, both identified as Rwandans. A Congolese officer, General Gaston Mungongo, has the title of military commander in the area but has no real power, they said.

In some places, like Kasese, the population was involved in the killing. In others, like Mbandaka, on the banks of the Congo River far from the battlefields of the east, the local population said it was shocked by the mayhem.

Mr. Kabila and his officials have denied that their troops carried out massacres and summary executions of the Rwandan refugees. In interviews, several members of Mr. Kabila's rebel alliance blamed the bloodshed on bandits, armed units among the Rwandan refugees or fleeing soldiers who were loyal to Marshal Mobutu.

"Look, if we had wanted to kill all the refugees, why are we letting these people go home?" said Kalinda Kinanuka, an official of the new Interior Ministry in Congo, as he watched a group of refugees board a UN plane to Kigali, Rwanda, from Mbandaka on Saturday. "We are professionals. If we had wanted to kill them, we would have killed them."

On Saturday, after meeting with Bill Richardson, the chief U.S. delegate to the United Nations, Mr. Kabila agreed to cooperate with a UN investigation into reported massacres and other human rights abuses.

But the first team is due in the Congo in two weeks and the investigation is

scheduled to begin July 6. Already, Mr. Kabila's forces appear to be destroying evidence of their attack here.

On Monday, this reporter saw more than 40 men moving through the Kasese camp, picking up spent cartridges and dropped machetes and spears. Two of the men said the team would later go to the mass grave site and begin burning cadavers.

Piles of firewood had been collected on a dirt road that leads to the grave site. This reporter went to the site but was chased away by several soldiers and a small group of men clutching pangas and knives. A similar cleanup operation already has been reported at the Biaro refugee camp 10 miles away.

The Kasese camp is sandwiched between two villages on a road 17 miles south of Kisangani, a diamond and gold mining city in central Congo. Today the refugee camp looks like a huge, ravaged picnic ground.

One witness to events there, Patricia Ndizeye, 20, is a Hutu who was a refugee in the camp since it was formed in March.

A student who hopes one day to become a nun, Miss Ndizeye hid in a bush while the soldiers and the villagers worked their way through the camp. Thousands among the camp's population fled into the thick jungle. Hundreds could not move.

She spent the night in the woods near the camp and the next morning awoke, she said, to the sound of a bulldozer pushing a mound of corpses into a pit.

Amid the corpses — but still alive — was her brother, Donatien Nkerabazizi, 32, also a student. Marauding villagers had sliced open his head in five places, almost severed his right arm and cut holes in his left leg. He had been left for dead and collected with the other bodies. He is now at a UN infirmary.

Mr. Nkerabazizi described the pile of corpses as approximately 5 feet high, 40 feet long and 20 feet wide. He said he lay

near the bottom of the pile, at the back toward the woods.

Under intense international pressure, Mr. Kabila agreed on April 28 to allow UN aid officials to visit the area. UN officials and two soldiers from Mr. Kabila's army who said they were disgusted with the Rwandan leadership asserted that large-scale killing of refugees occurred also in the Biaro camp.

A few weeks later another massacre, of a different sort, is said to have occurred in Mbandaka, a steamy town that straddles the Equator in Congo's far west.

On May 13, about 280 refugees had assembled on a barge at the port and were waiting for a tugboat to move them down the Congo River so they could cross to safety. The ship's captain, however, had gone into town.

A wizened longshoreman described the scene he saw, looking out of a warehouse.

"The army came onto the docks and started spraying the port with bullets," he said recently as he stood by the water and angled for catfish. "All of the soldiers just loaded their guns and shot at the boat, killing everybody. Bodies fell into the river. Bodies fell onto the quay. Bodies fell into the barge."

"I was in the warehouse and saw it all."

UN officials worry that thousands more refugees are alive in the Congo's dense jungles and risk extermination by Mr. Kabila's troops.

A UN team found a group of 300 people over the weekend in swamps two days by boat from Mbandaka. But the Congolese authorities denied the team permission to remove the refugees, UN officials said.

The Congolese then told the UN team that the area would be closed because of military operations.

"We are worried that we are being used by the military to identify where the refugees are," a UN official said. "The military will then go in and kill them."

BRAZZAVILLE: Calls for Cease-Fire

Continued from Page 1

suburbs, and shops ransacked by looters. The death toll remained unclear.

France, the former colonial power, said Wednesday its armed forces had evacuated 1,778 foreigners, two-thirds of them French nationals, to nearby Gabon by air since Monday.

A government spokeswoman in Paris said France was sending 400 more troops to Brazzaville to help with a possible evacuation of all its nationals.

The government spokeswoman, Catherine Trautmann, said that President Jacques Chirac wanted "the accent to be on security missions" and to "allow the possible return of all the French who are there."

That, she said, "is why we have to increase the number of troops to 1,250" from 850.

A U.S. military plane flew out 30 Americans and 24 other foreign res-

idents Wednesday, although Washington said it had not yet decided whether remaining Americans needed rescue.

The Pentagon spokesman, Ken Bacon, said Tuesday there were believed to be some 60 Americans in Brazzaville, including about 15 workers at the embassy, which remained open despite the fighting.

A government spokeswoman in Paris said France was sending 400 more troops to Brazzaville to help with a possible evacuation of all its nationals.

The government spokeswoman, Catherine Trautmann, said that President Jacques Chirac wanted "the accent to be on security missions" and to "allow the possible return of all the French who are there."

That, she said, "is why we have to increase the number of troops to 1,250" from 850.

A U.S. military plane flew out 30 Americans and 24 other foreign res-

Pan Am Plane Is Sabotaged In New York

The Associated Press

NEW YORK — Cut wiring was found beneath the cockpit of a Pan Am plane at Kennedy Airport on Wednesday morning, officials said.

A Pan Am spokesman, Jeff Krieger, would not say which wires had been cut. But he said passengers would not have been in danger because pilots of the A-300 Airbus would never have let the plane leave the gate. "The systems would not have worked," he said.

A law enforcement official, however, said the tampering apparently took place earlier in the week, since a problem was noticed Sunday, and the plane made two round trips before the malfunctions — in a light and a windshield defroster — were reported. Maintenance workers found the cut wires early Wednesday.

The discovery meant that Pan Am Flight 21 was canceled three hours before it was due to take off for Miami at 8:30 A.M. The 102 passengers who had tickets on the flight were rebooked, said a transportation official who spoke on condition of anonymity. The FBI said it was investigating the incident.

EUROPE: Struggle for Control

Continued from Page 1

European official said. "The big danger is, it creates a lot of fog over responsibility. Europe will be blamed for all the mess that is created by national politicians."

Regardless of whether a compromise can be struck in time for the Amsterdam meeting, Paris and Bonn are likely to continue to struggle over core aspects of monetary union, particularly whether to interpret the Maastricht criteria flexibly when choosing single-currency participants next spring and whether to curtail the independence of the future European central bank.

The French finance minister, Dominique Strauss-Kahn, indicated as much at an EU meeting this week, when he reiterated French demands for a political counterpart to the central bank and called for a "fair" level of the euro against the dollar.

While the German finance minister, Theo Waigel, has acknowledged the need for a ministerial council to discuss the interplay of fiscal and monetary policy, just as he does in meetings with the Bundesbank, Bonn regards the French call for a soft euro as evidence of a hidden agenda for political influence that would threaten the currency's stability.

"The basic issues about policy are not resolved," a top European official said.

While both countries are confronted with remarkably similar and daunting problems — sluggish growth, record double-digit unemployment and seemingly uncontrollable deficits — they propose significantly different remedies. This is a product of contrasting cultural traditions that have only been exacerbated by the recent events.

France's traditional reliance on government intervention to guide the country through economic change has been reinforced by the election of a Socialist government led by Mr. Jospin, who promised to put employment issues ahead of the austerity demanded by the Maastricht formula for a single currency.

In Bonn, meanwhile, the government of Chancellor Helmut Kohl is determined to stick to the Maastricht criteria, seeing them as vital both to reassuring German voters about the stability of the future euro and to pushing through the labor and tax reforms essential to the country's competitiveness.

If anything, Mr. Kohl and Mr. Waigel find themselves even more bound to economic orthodoxy after their humiliating retreat from a plan to revalue Germany's gold reserves, which damaged their reputations for economic responsibility.

The nations' cultural differences have clashed ever since the ink dried on the Maastricht treaty in 1992. Frustration at what France regards as its imbalance — with German-inspired rules codified for low deficits and inflation while plans for broader economic management were left vague — are at the heart of today's dispute.



GOOD LUCK FROM THE BOSS — Yasser Arafat, the Palestinian leader, wishing a student good luck Wednesday at a secondary school in Ramallah, West Bank. Some 35,000 students were taking finals.

هَذَا مِنْ الْأَصْلِ

ASIA/PACIFIC

هكذا من الأصل

Pan Am Plan
Is Sabotaged
In New York

NEW YORK

Plans to launch a new Pan Am flight from New York to Los Angeles, which would have been the airline's first new route in 15 years, was sabotaged by a union dispute.

A Pan Am spokesman said the airline had agreed to a new labor agreement with the International Brotherhood of Teamsters, but the union's local 1000 in New York City refused to sign it.

The union said it was concerned about the airline's financial stability and the impact of the new route on its members.

Pan Am said it was disappointed but would continue to work with the union to reach an agreement.

Muscle Flexing in Pacific
China and Taiwan Plan Military ManeuversBy Steven Mufson
Washington Post Service

BEIJING — China and Taiwan both may stage military exercises this month, moves that could raise tensions in the area on the eve of the handover of Hong Kong to Chinese control.

Taiwan has already announced major military exercises for June 23-24, and an independent Hong Kong newspaper has said China is planning to respond with military exercises sometime this month.

If both governments go ahead with their plans, it would recall the March 1996 Taiwan Strait crisis, when Beijing shook the region by holding massive exercises and testing missiles just off Taiwan's coast. Those maneuvers were seen as an attempt by China to intimidate voters in Taiwan's presidential election. At that time, the United States dispatched 16 warships to the area as a gesture of support for Taiwan.

It remains unclear, however, what Beijing is planning this time. Hong Kong's Sing Tao Daily said Tuesday that the exercises would be held on the southeastern Fujian coast but gave few specifics. China's Foreign Ministry did not provide details at its regular briefing.

"As of now, we have not noticed signs of Communist troops planning to hold large-scale exercises," Taiwan's Defense Ministry spokesman, Kong Fan-ting, said in Taipei. Large-scale exercises usually require time to prepare.

If China does stage exercises, said David Shambaugh, head of the East Asia studies center at George Washington University, "I would guess it would be a very small version of last year, minus the ballistic missiles. It would be just big enough for the Chinese to make their point."

Beijing's point is that the self-governing island of Taiwan is a renegade province that should be reunified with China. Until then, Beijing wants Taiwan's leaders to stop inching toward independence, lest they provoke China to attempt reunification by force. For now, however, Beijing probably just wants to warn Taiwan against any disruptions of the July 1 Hong Kong handover.

Taiwan, by contrast, has military goals as well as political ones in scheduling its exercises now. This round of exercises already has been postponed at least twice and will be Taiwan's first round of military drills since last year's missile crisis. Taiwan's exercises may showcase new high-technology weapons, including F-16 and Mirage 2000-5 fighters recently imported from the United States and France. Also slated for testing are radar-evading Lafayette-class frigates bought from France and U.S.-made Patriot air defense systems, Taiwan media have said.

If China's exercises proceed, they may also display new military equipment. Russian-built Su-27 fighters have started arriving, and China expects to have 72 by the end of the year.



The commander in chief of Taiwan's navy, Wu Shih-wen, inspecting troops in preparation for maneuvers.

BRIEFLY

Khmer Rouge Security Chief
Accused by Group of Treason

PHNOM PENH — The Khmer Rouge security chief who oversaw the torture and execution of thousands of Cambodians during the group's four-year rule was accused of treason on Wednesday by other members of the group.

The charge against Son Sen, who was defense minister in the Khmer Rouge government in 1975-79, was made in a radio broadcast by Khieu Samphan, the spokesman for the Marxist guerrilla group.

Mr. Son Sen was accused of working for the second prime minister, Hun Sen, in trying to eliminate the remaining hard-liners in the group.

The accusations show a further split in the dwindling ranks of the Khmer Rouge. (AP)

India Denies Deploying Missiles

NEW DELHI — Prime Minister I. K. Gujral denied Wednesday that India had deployed ballistic missiles and condemned news reports of a deployment along the border with Pakistan as "a deliberate misrepresentation."

Citing U.S. intelligence officials, the Washington Post reported last week that India had moved fewer than a dozen medium-range missiles called Prithvis to a site in northwest India within about 60 miles (100 kilometers) of Pakistan's border.

An Indian daily, the Hindu, reported Monday that Prithvi missiles had been stored but not deployed near Jalandhar city in the Punjab Province, the same location identified in the Post. (WP)

Taleban Loses More Ground

KABUL — Opposition forces reported seizing a northern stronghold Wednesday from Taleban soldiers, who fled after being caught in a three-pronged assault.

It was the latest defeat for the Taleban army, which only three weeks ago had taken control of 90 percent of Afghanistan. The Taleban was driven from Pul-e-Khumri, 145 kilometers (90 miles) north of the Afghan capital, Kabul, after a day of fierce fighting, an opposition spokesman said. The anti-Taleban offensive included forces loyal to Ahmed Shah Massoud, the ousted military chief, as well as Ismaili Muslim troops and Uzbek forces. (AP)

Suharto Makes Cabinet Change

JAKARTA — President Suharto made a rare change to his cabinet Wednesday, formally installing a former army chief-of-staff as the new information minister.

General Hartono, who just retired from the military, replaces Harmoko, who was given a new post of minister for special affairs. Apparently impressed by Mr. Harmoko's political skills, President Suharto has ordered him to help members of Parliament do their jobs better. (AP)

Sri Lanka Rebels Claim Victory

COLOMBO — Rebels claimed a victory Wednesday against government troops in the most serious fighting between the two sides in months. They said they snuck behind government lines and clashed with troops. More than 270 were said to have died in the fighting on Tuesday. (AP)

EUROPE:
Struggle for Control

Continued from Page 1

House Faults Jakarta on Rights

Reuters

WASHINGTON — The House of Representatives has unanimously approved an amendment condemning human-rights abuses committed by Indonesia in the former Portuguese colony of East Timor.

"This will send a strong and clear message to the Indonesian government that Congress will not tolerate the continued human-rights abuses of the people of East Timor," said Representative Patrick Kennedy, Democrat of Rhode Island, who introduced the amendment to the Foreign Policy Reform Act.

Mr. Kennedy said Tuesday's unanimous vote would serve as a launching point for further action against Indonesia.

Mr. Kennedy also intro-

duced a bill calling for the elimination of military assistance and training funds to Indonesia unless human-rights violations are halted, which may come to the House floor for a vote later this month.

Indonesia hit out at the Kennedy legislation on Friday, dropping its participation in an American military training program and the scheduled purchase of nine U.S.-made F-16 warplanes.

The foreign minister of Indonesia, Ali Alatas, said at a news conference that Mr. Kennedy's criticism was "wholly unjustified."

"It was clear they were feeling defensive," Mr. Kennedy told the House. "They wanted to get the planes out of the way before this Congress expressed its strong opinion on their hu-

man-rights abuses."

Mr. Kennedy also sent a letter to President Suharto of Indonesia, requesting a meeting to "discuss my concerns regarding the situation in East Timor and in Indonesia."

Jakarta has come under fire from some U.S. senators and congressmen, particularly over its human-rights record and East Timor, the former Portuguese colony that Indonesia occupied in 1975 and annexed the following year.

Washington barred Indonesia from taking part in a military training program between 1992 and 1995 after security forces fired into demonstrating mourners in the East Timor capital of Dili in 1991. Witnesses said up to 200 people died. The program allows senior officers to be trained in the United States.

50
1947-1997

SINGAPORE AIRLINES

By Thomas W. Lippman
Washington Post Service

As for Iraq, Sheikh Hamad said, "I think

"Nobody would blame us," he said, "but we support the peace. We are a peaceful country, and we want to see peace in the area."



(Requests for confidentiality will be respected.)



هَكَذَا مِنْ الْأَصْلِ

**'Boy Wonder' E
the Tories' F**
Hague, 36, Appen
Trammatized Conu

Turkish Military Laments Civil Up

Policy Shift.
U.S. Supports
Yugoslavians to Croatia

Paris Plans

PARIS - 11
The company
is to follow the
is to follow the

EUROPE

هذا من الاصل

'Boy Wonder' Emerges As the Tories' Favorite

William Hague, 36, Appears Poised To Lead Traumatized Conservatives

By Warren Hoge
New York Times Service

LONDON — William Hague, the youngest and least experienced member of former Prime Minister John Major's cabinet, emerged Wednesday in an increasingly divisive selection process as the surprise favorite in the race for new leader of the Conservative Party.

Six weeks after their drubbing by the Labour Party and an announcement from Mr. Major that he would step down as leader, the Tories were searching to unify their fractious and depleted party. But after a preliminary round of balloting Tuesday and some backroom deal-making that evening, they found themselves even more divided than on the May 1 election day.

It is up to the 164 Conservative members of Parliament to choose the new leader, and in the first round Tuesday, involving five candidates, the actual winner was Kenneth Clarke, 56, the former chancellor of the Exchequer, with 49 votes.

Mr. Hague, 36, showing unexpected strength, came in second with 41. Following were John Redwood, an earlier member of Mr. Major's cabinet who unsuccessfully challenged him for the leadership in 1995, with 27 votes; Peter Lilley, the former Social Security Secretary, who had 24 votes; and Michael Howard, the former Home Secretary, with 23.

The final three are all identified with the right wing of the party that has made hostility to further integration with Europe its battle cry and has sworn to block the bid of Mr. Clarke, whose insistence on keeping Britain in the negotiations for monetary union has been blamed by the dissidents for having

damaged the party's chances in the election. The three men had an understanding among them that the one of their number who finished best could count on the other two stepping aside and throwing their support to the first.

No one expected that person to be Mr. Redwood, but it was he who stepped before the cameras with a fresh jauntiness in his stride and predicted with confidence that he would be the right representative in next week's second round against their nemesis, Mr. Clarke. By Mr. Redwood's reckoning, he had fallen heir to 74 votes, only 9 shy of the 83 needed to win, and in the week to come he expected to get the support of Baroness Thatcher, whom he had served as policy unit head in the mid 1980s and who has said a new Conservative leader should stand up forcefully to Europe.

But in a move that shocked and outraged Mr. Redwood's supporters, Mr. Lilley and Mr. Howard got together and decided to throw their backing instead to Mr. Hague. While the camps of the two men acknowledged that Mr. Hague's views on Europe were not as defined as they would like, they said they acted in the belief that Mr. Redwood was ultimately unelectable. Fiercely intelligent, earnest and lacking in outward personal warmth, Mr. Redwood is often referred to in the British press as the interplanetary figure "Vulcan."

The move effectively made Mr. Hague the odds-on favorite to win because of a feeling that support for Mr. Clarke, a man who arouses strong emotions in the party, had peaked and that ideological opposition to him was widespread enough to deny him significant numbers of new supporters.



William Hague reading a morning newspaper with obvious pleasure Wednesday.

Political Battle Looms as Yeltsin Seeks to Oust Defiant Governor

By Michael Specter
New York Times Service

MOSCOW — Setting the stage for a sharp political and constitutional battle, a spokesman for President Boris Yeltsin has revealed that the president plans to remove the rebellious — but extremely powerful and independently elected — governor of one of Russia's largest regions from office.

Mr. Yeltsin has never removed an elected leader, an action for which he could invoke a vague provision of the Russian Constitution that requires the president to protect the people of the country.

He has long been at odds with Yevgeni Nazdratenko, governor of the immense Primorsky region in the Russian Far East, on the edge of northeast China. Primorsky has enormous mineral riches, vast tracts of virgin forest and, most important, the essential port of Vladivostok, which serves as the eastern anchor of the country.

Still, Mr. Yeltsin has not taken decisive action so far against Mr. Nazdratenko, an openly autocratic critic of his administration. But he may never before have had more provocation.

"Every day the situation there deteriorates," Igor Shadrinov, a spokesman for the Kremlin, said Tuesday at a briefing. "There are a number of conditions under which the president has the right to remove the governor from office."

Crime and corruption have come to rule Primorsky. Millions of dollars' worth of federal money meant as wages for teachers and miners have disappeared. Energy shortages have become normal, and more than one person has died on an operating table this year because power shortages during routine surgery made it impossible for doctors to do their jobs.

Wage arrears, bad throughout Russia, are worst in Primorsky.

While action against Mr. Nazdratenko is certain to send a message to the leaders of other rebellious regions, the constitutional and legal implications of removing him are not clear.

The constitution, created largely by Mr. Yeltsin, grants unusually broad power to the president and permits him to interpret his need to "protect the Russian Federation" almost any way he wants. If Mr. Nazdratenko is forced from office, his only real recourse would be Russia's Constitutional Court, which is stacked heavily in Mr. Yeltsin's favor. In any case, the legality of the ouster would take years to resolve.

The bold action would be not simply a move

against Mr. Nazdratenko, but a statement from the Kremlin that it will not accept the continuing erosion of federal power.

Ever since Mr. Yeltsin became Russia's first independently elected president in 1991, the country's vast regions have demanded — or simply taken — power from the center. Many governors deny local leaders their constitutional authority. Others refuse to pay taxes to Moscow unless their wages are paid on time.

To some degree the fights are simply reflections of the new economics. When the Soviet Union fell apart, so did the elaborate system of subsidies and supports that propped up so many parts of the country. The battles over such powers are often convoluted, and it is often unclear who is right.

"Clearly, Mr. Yeltsin wants to prove that he is running Russia," said Nikolai Petrov, an expert on regional policy at the Moscow Carnegie Center. "But it has also become clear that something has to be done there. This is an important test case for the whole country."

Mr. Yeltsin has already taken the first major step, shifting much of Mr. Nazdratenko's power — to receive money from Moscow, to pay federal workers and to set quotas for mining, the timber harvest and fishing — to the president's personal representative, Viktor Kondratov.

Mr. Nazdratenko has reacted with the flamboyance and fury that are his trademarks. He has offered to hold new elections, which he would surely win. The Kremlin has said no.

Last week, officials in the Yeltsin administration said, Mr. Nazdratenko was asked to leave his post quietly. He made it clear that that was not going to happen.

"We are sick and tired of all the complaints from the center," Mr. Nazdratenko said Tuesday after hearing that Boris Nemtsov, the other first deputy prime minister, planned to visit him on his way back from a trade mission in Tokyo. After that, Mr. Nemtsov will report to the president.

"All these years, the obstacles this government has put in front of me," Mr. Nazdratenko said. "I'm sick of feeling their breath on my neck."

Despite his problems and those of the region, many people there support Mr. Nazdratenko. He has convinced them that no matter how bad things are, it is not his fault, but that of the hated central government.

It is an argument that people living nearly 10,000 kilometers (6,000 miles) from Moscow have little problem accepting. And it is for that reason that Mr. Yeltsin has waited so long to act.

Swiss Discover Lost Accounts

Banks Locate Hundreds Belonging to Holocaust Victims

By David E. Sanger
New York Times Service

WASHINGTON — Faced with the start of formal audits of their wartime accounts, Switzerland's banks have quietly told investigators that they recently discovered hundreds of accounts that may have belonged to Holocaust victims and thousands more that they cannot account for.

The disclosures were made last week in Jerusalem at Bern to a commission headed by Paul Volcker, the former chairman of the Federal Reserve.

Next week, after months of preparations and long delays, the commission will begin a series of "pilot audits" of accounts opened between 1933 and 1945, to determine how many contain deposits placed in Switzerland by Jews and others to prevent their money from falling into the hands of the Nazis.

Two years ago, the Swiss banks said that they had found 775 such accounts, containing roughly \$32 million. That announcement raised a number of questions, because Switzerland's bankers had previously insisted that they had turned over the last of their unclaimed wartime deposits in 1962.

Now, the number of accounts appears much larger. According to people familiar with the meetings between the bankers and Mr. Volcker's commission, the banks say they have found more than 1,000 accounts, totaling roughly \$40 million, that were opened in the names of non-Swiss during the wartime era. This means they have found at

least 225 more accounts, worth roughly \$8 million. The discovery, they told investigators, came from banks that had not completed full surveys of accounts.

In another surprise, the Swiss now say there are an additional 15,000 to 20,000 dormant accounts that were opened by Swiss nationals during the war years. In a statement issued in response to questions, the Swiss Bankers Association said Tuesday night that the accounts contained in those accounts were small, but it promised that "the Volcker committee will fully examine whether dormant accounts opened by Swiss citizens prior to 1945 were opened for the benefit of Holocaust victims."

"We know that a lot of people feared that they would be tortured to sign a power of attorney turning their assets over to the German government," one investigator said. "But tracing accounts opened by third parties will not be easy."

Last month the Clinton administration issued the first comprehensive report to examine Switzerland's dealings with Nazi Germany.

That report, however, only touched on how the Swiss banks handled the assets of Jews and other Holocaust victims. The Volcker commission is focusing exclusively on that issue.

The commission was set up last year as an independent investigating body by the Swiss banks, in cooperation with the World Jewish Congress and the World Jewish Restitution Organization.

Representatives of the Swiss banks insisted that the new discoveries showed that the banks were serious about opening their books and coming to terms with their history.

But the disclosure is bound to raise new questions about whether the banks sought to hide the accounts to avoid paying back the heirs of the Holocaust victims.

Despite opposition, Greece Adopts EU Agreement on Open Borders

Reuters

ATHENS — The Greek Parliament adopted the European Union's open-border pact Wednesday, despite a rebellion by opposition deputies and an all-night vigil outside by protesters including many priests and nuns.

Parliament voted 142 to 80 in favor of the pact, which already has seven full members. The Schengen accord, as the

pact is known, provides for the removal of border controls between EU member states and for increased cooperation in police matters.

About 1,000 protesters, mostly members of religious groups, spent the night outside Parliament yelling religious slogans. They say open frontiers would threaten their country's Christian Orthodox character.

BRIEFLY

Patriarch-Pope Talks Canceled

VATICAN CITY — The head of the Russian Orthodox Church has canceled his meeting with Pope John Paul II later this month, the Vatican said Wednesday. It would have been the first meeting in history between the heads of the two churches.

Patriarch Alexy II and the Pope were expected to meet at a Cistercian monastery outside Vienna two days before the opening of the second European Ecumenical Assembly.

Patriarch Alexy has canceled once before, and the Vatican had described the June 21 meeting in Austria as tentative.

On Wednesday, the Vatican spokesman, Joaquin Navarro-Valls, acknowledged there "were some difficulties in realizing this plan on June 21." The Vatican declined to speculate on the reasons for the cancellation. (AP)

French Right Sees More Racism

PARIS — Two leading Gaullists predicted Wednesday that a plan by the new Socialist prime minister, Lionel Jospin, to legalize thousands of illegal immigrants would attract more foreigners to France and bolster the extreme right.

"This absurd policy, applied in contempt of the law and republican values, carries the seeds of racism and xenophobia," said former Interior Minister Jean-Louis Debré, a leader of the RPR party of President Jacques Chirac.

The policy shift was "a strong signal to all illegal immigrants that France is heading for a lax period," inviting a new flood into the country, Pierre Lellouche, an RPR member of Parliament, said on Radio Monte Carlo.

Keeping a campaign promise, Mr. Jospin on Tuesday ordered a case-by-case examination of tens of thousands of applications for legalization. (Reuters)

Italian Reforms Face Tie-Ups

ROME — The head of an Italian commission looking into constitutional reforms said Wednesday that political parties had lodged so many amendments to key proposals that voting on them all would be impossible.

Massimo d'Alema, commission president and leader of the main Democratic Party of the Left in the center-left government, said parties should cut the number of amendments and proposed a delay in voting on them.

"We have before us 430 amendments on the nature of the state alone," Mr. D'Alema said. "It will be tough to look at them one by one. But the commission must vote by June 30 and, if it does not manage to examine and vote on every amendment, I will call in the end for the basic texts to be voted on directly." (Reuters)

Swedish Nuclear Closure Voted

STOCKHOLM — The Parliament has approved the government's proposal to shut down a nuclear power plant as a first step in phasing out the plants altogether.

The vote on Tuesday night called for one reactor at the Barseback plant in southwestern Sweden to be shut by July 1998 and for the other reactor to go out of service in 2001.

When the government announced its proposal in February, it said the goal was the eventual shutdown of all 12 of Sweden's power-generating reactors, but gave no timetable for closing the rest.

Nuclear reactors produce about half of Sweden's electricity. (AP)

A two-month trial subscription.



By maintaining a far-flung network of news-gathering resources, the World's Daily Newspaper brings you unrivaled coverage of world politics, business and economics, as well as science, technology, travel, fashion, the arts and sport — all from an international perspective.

Take advantage of this limited opportunity to try the International Herald Tribune with a low cost, 2-month trial subscription and enjoy delivery to your home or office every morning.

COUNTRY/CURRENCY	2 MONTHS NEWSSTAND PRICE	2 MONTHS OFFER PRICE	DISCOUNT OFF COVER PRICE
AUSTRIA	ATS	1,456	650 55%
BELGIUM	BEF	3,380	1,350 60%
DENMARK	DKK	780	340 56%
FINLAND	FMA	624	310 50%
FRANCE	FF	520	210 60%
GERMANY	DEM	182	72 60%
GREAT BRITAIN	£	47	22 53%
GREECE	DR	18,200	9,100 50%
IRELAND	IR£	52	26 50%
ITALY	ITL	145,600	58,000 60%
LUXEMBOURG	LFR	3,380	1,350 60%
NETHERLANDS	NGL	195	78 60%
NORWAY	NOK	832	390 53%
PORTUGAL	ESC	11,960	5,980 50%
SPAIN	PTAS	11,700	5,850 50%
SWEDEN	SEK	832	350 58%
SWITZERLAND	CHF	166	66 60%
ELSEWHERE	\$	—	50 —

For information concerning this offer, please contact your local office or call our NY office at 212-512-2000 or 800-828-2884.

Yes, I would like to start receiving the International Herald Tribune.

☐ My check is enclosed (payable to the IHT)

Charge my: ☐ Amex ☐ Diners ☐ VISA ☐ Access ☐ MasterCard ☐ Eurocard

Credit card charges will be made in French Francs or current rates.

Card No: _____ Exp. Date: _____

Signature: _____

For business orders, indicate your VAT No. (If VAT Number FR24732021124)

Mr/Ms/Ms Family Name: _____ Job Title: _____

First Name: _____

Mailing Address: _____

City/Code: _____

Country: _____

Home Tel No: _____ Business Tel No: _____

E-Mail Address: _____

I get this copy of the IHT at: ☐ home ☐ hotel ☐ office ☐ other 12-6-97

I do not wish to receive information from other carefully screened companies.

Mail or fax to: International Herald Tribune

181 Ave. C. de Gaulle, 92251 Neuilly Cedex, France Fax: +33 1 41 43 92 10

OR CALL +33 1 41 43 92 61

In Asia +852 29 22 11 82. In the US toll-free: 1-800-882-2884

E-Mail: ihtr@ihtr.com Offer valid for new subscribers only. H3M

BRIEFLY

a-Kurdish Battle Reported

CARA — A battle was reported in the north of Iraq, between the Kurds and the Iraqi army, on Wednesday.

On Wednesday, the Kurds and the Iraqi army fought a battle in the north of Iraq, near the town of Kirkuk. The Kurds claimed to have won the battle, and the Iraqi army claimed to have won. The battle was reported to have lasted for several hours, and resulted in the deaths of several people on both sides.

er in Western Sahara Talks

NAU — A meeting was held in Western Sahara, between the Polisario Front and the Moroccan government, on Wednesday.

The meeting was held in the town of Laayoune, and was attended by representatives of the Polisario Front and the Moroccan government. The meeting was reported to have lasted for several hours, and resulted in the signing of a ceasefire agreement.

nada Finance Team Retired

NAU — A team of financial experts was retired from the National Audit of the United Kingdom, on Wednesday.

The team was led by Sir John Birt, and was responsible for auditing the accounts of the United Kingdom. The team was reported to have completed its work on Wednesday, and was then retired.

ction Violence in Mexico

NAU — A series of violent actions were reported in Mexico, on Wednesday.

The actions were reported to have taken place in the state of Veracruz, and resulted in the deaths of several people. The actions were attributed to a group of rebels, who claimed to be fighting for the rights of the people of Veracruz.

MESSAGE OR LASE

An ISLAND (?) in the middle of Western Europe?

NAU — A report was published in the United Kingdom, on Wednesday, suggesting that there is an island in the middle of Western Europe.

The report was published in the *New York Times*, and suggested that there is an island in the middle of Western Europe, which is not on any map. The island is said to be located in the North Atlantic, and is said to be the site of a large number of ancient ruins.

The report was based on a series of satellite images, which showed what appeared to be a large island in the middle of the North Atlantic. The island is said to be located about 1,000 miles from the coast of North America, and is said to be the site of a large number of ancient ruins.

The report was also based on a series of archaeological excavations, which uncovered a large number of ancient ruins. The ruins were said to be of a type that is not found anywhere else in the world, and are said to be the remains of a civilization that lived in the area of the island.

The report was also based on a series of geological studies, which suggested that the island was once part of a larger landmass. The landmass was said to be the site of a large number of ancient ruins, and is said to be the remains of a civilization that lived in the area of the island.

The report was also based on a series of historical studies, which suggested that the island was once part of a larger landmass. The landmass was said to be the site of a large number of ancient ruins, and is said to be the remains of a civilization that lived in the area of the island.

The report was also based on a series of linguistic studies, which suggested that the island was once part of a larger landmass. The landmass was said to be the site of a large number of ancient ruins, and is said to be the remains of a civilization that lived in the area of the island.

The report was also based on a series of genetic studies, which suggested that the island was once part of a larger landmass. The landmass was said to be the site of a large number of ancient ruins, and is said to be the remains of a civilization that lived in the area of the island.

The report was also based on a series of environmental studies, which suggested that the island was once part of a larger landmass. The landmass was said to be the site of a large number of ancient ruins, and is said to be the remains of a civilization that lived in the area of the island.

The report was also based on a series of astronomical studies, which suggested that the island was once part of a larger landmass. The landmass was said to be the site of a large number of ancient ruins, and is said to be the remains of a civilization that lived in the area of the island.

The report was also based on a series of climatological studies, which suggested that the island was once part of a larger landmass. The landmass was said to be the site of a large number of ancient ruins, and is said to be the remains of a civilization that lived in the area of the island.

The report was also based on a series of oceanographic studies, which suggested that the island was once part of a larger landmass. The landmass was said to be the site of a large number of ancient ruins, and is said to be the remains of a civilization that lived in the area of the island.

The report was also based on a series of paleontological studies, which suggested that the island was once part of a larger landmass. The landmass was said to be the site of a large number of ancient ruins, and is said to be the remains of a civilization that lived in the area of the island.

The report was also based on a series of archaeological studies, which suggested that the island was once part of a larger landmass. The landmass was said to be the site of a large number of ancient ruins, and is said to be the remains of a civilization that lived in the area of the island.

Turkish Military Fears Islamic 'Civil Uprising'

Compiled by Our Staff From Dispatches

ANKARA — The Turkish military said Wednesday that Islamic radicalism was poised to break out in a civil uprising, and the army said it would be legally obliged to resist such an uprising — by force if necessary.

"Radical Islamic activities have gained momentum toward civil uprising," General Fevzi Turkler said at a briefing at military headquarters here.

"Some 30 radical Islamic groups are likely to engage in terrorist activities," said General Turkler, chief of the counterintelligence department of the general staff.

The Turkish military, which considers itself the guardian of the country's secular and Western traditions, has begun a series of discussions with judges, academics and business figures, diplomats and journalists on what military leaders say is the threat of radical Islam.

In Policy Shift, U.S. Supports Loan to Croatia

By Steven Lee Myers
New York Times Service

WASHINGTON — The United States has announced its support for a \$13 million loan for a redevelopment project in Croatia, barely a week after Secretary of State Madeleine Albright threatened to isolate Croatia economically for its failure to comply with the Bosnian peace accords.

In announcing its support Tuesday for the loan, the State Department pointed to what a spokesman called "positive things" that President Franjo Tudjman of Croatia announced after Mrs. Albright's visit.

They included the reopening of a bridge to the Serbian-held part of Bosnia and the arrests of several Croats for attacking Serbian refugees trying to return to their homes in Croatia.

With the U.S. assent, the loan was approved Tuesday by International Finance Corp., a World Bank affiliate that encourages private companies to invest in the developing world.

The loan is part of a \$64 million project to modernize a cement factory in Koromacno, Croatia, a spokeswoman for the corporation, Amy Conran, said.

The decision to support the loan was criticized by those who argued that the United States needed to do more to punish Croatia for failing to keep its promises under the Dayton peace accords, particularly regarding cooperation with the war-crimes tribunal in The Hague.

"It's very disturbing and shocking in light of Secretary Albright's comments," said Nina Bang-Jensen, special counsel for the Coalition for International Justice, a group in Washington that advocates a stronger effort to prosecute war criminals in the former Yugoslavia.

"Why do we keep rewarding them for things they should have done already?" Senator Frank Lautenberg, Democrat of New Jersey, said he believed the decision violated the spirit of a law requiring the United States to oppose loans from institutions to nations that did not cooperate with the war-crimes tribunal.

Meanwhile, Deputy Prime Minister Tansu Ciller said Wednesday there would be a change of government within days to end a dispute that had brought the current Islamist-led coalition to the breaking point.

"A change of government is expected in the coming days," Mrs. Ciller told deputies from her True Path Party.

On June 1, Mrs. Ciller and the Islamist prime minister, Necmettin Erbakan, said they would seek early elections to overcome a growing dispute with the secular establishment over demands for a crackdown on religious activism.

The two did not set a date for elections, which have to be approved by Parliament, but a senior member of Mr. Erbakan's Welfare Party said Wednesday that voting was expected to take place in October.

Mr. Erbakan has said he would hand power to Mrs. Ciller ahead of the elections. But talks between the coalition partners have become bogged down over the details of the swap, and this week they lost support from a far-right party for a caretaker government.

The army went on alert 11 months ago after a Muslim-led coalition government took power, becoming modern Turkey's first religious-based government and upsetting the secular establishment with its Islamist policies.

At the briefing Wednesday, General Turkler quoted from the constitution and from a law that says the Turkish armed forces must protect the country from domestic and foreign threats and take up arms if necessary to do so.

"The Turkish armed forces is in a position to define a mission for itself under these circumstances," General Turkler said.

EDITORIALS/OPINION

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Fairness for Congolese

It makes sense to help restore order and the possibility of a future in the new Congo (formerly Zaire), a large, regionally dominant and potentially rich country at the heart of central Africa. The Clinton administration's initiative logically follows on the earlier American decision to embrace another large, regionally dominant and potentially rich country emerging from its own political trauma, South Africa. But there is no denying that Washington is taking a sizable chance in cozying up so quickly to President Laurent Kabila. He has yet to show the most important thing for a leader shifting from a war phase to a peace phase: a readiness to accept as fellow citizens deserving of humane treatment and civic respect the people who were on the other side in the old Zaire's seven-month civil war.

There is no proof that Mr. Kabila is personally directing the hideous killings and lootings of Hutu that — according to international observers, local witnesses and journalists — continue to take place in eastern Congo. But the strong Tutsi presence in the circle of Mr. Kabila's chief aides and foreign sponsors, John Pomfret of The Washington

Post reports, has spurred persistent allegations of a secret intent to clear the territory of Hutu and other Tutsi rivals. Meanwhile, President Kabila is photographed "chatting amiably" with America's UN Ambassador Bill Richardson, who was sent to Congo with a large delegation to start building a new side. Mr. Richardson, who has so far failed to persuade Mr. Kabila to bring into government the leading civilian politician, Etienne Tshisekedi, describes the country as a likely "love interest for American business and investment." It is reported that as a concession to Washington, Mr. Kabila has agreed to let a United Nations team visit next month to check out reports of massacres by his forces. Caught between a debt to Tutsi forces that brought him to power and a commitment to bring guilty soldiers to justice, Mr. Kabila denies it all.

The post-Mobutu transition that Mr. Kabila is trying to organize is bound to be uneven in the best of circumstances. But he must generate a sense that he is mastering the disorder and ruling with fairness. Otherwise the United States has no business strengthening his rule.

—THE WASHINGTON POST.

Military Common Sense

General Joseph Ralston's decision to withdraw from contention to become the next chairman of the Joint Chiefs of Staff was the only sensible and responsible course of action, given public outrage over the recent handling of adultery cases in the military. His candidacy was doomed once it became known that he, too, had committed adultery earlier in his career. Neither Congress nor the American people could ignore a sexual infraction by one of its top generals, however innocuous that conduct might seem to his supporters, when lesser officers have been drummed out of the service for similar offenses.

But the anguish over the derailing of the Ralston candidacy will serve a useful purpose if it forces both the military and Congress to reform a policy on sexual offenses that is veering dangerously out of control.

The madness in current policy can be measured by the recent loss or punishment of three talented officers, all for reasons stemming from consensual but adulterous affairs with civilians.

There was First Lieutenant Kelly Flinn, the first woman to pilot a B-52, whose affair with a married civilian was reported to authorities by a serviceman facing sexual offense charges himself. She was forced to resign after she lied about the affair to investigators and disobeyed an order to break it off.

Then came Major General John Longhouse, a much decorated soldier who headed the Aberdeen Proving Ground. He was forced to retire after a tipster revealed his affair with a civilian while he was separated from his wife five years ago.

Now General Ralston has dropped out of the running for chairman of the Joint Chiefs because a war college classmate revealed his consensual affair with a civilian CIA analyst that started some 14 years ago when he, too, was separated from his wife.

One need not condone adultery to recognize that it occurs frequently in civilian and military life and is tacitly tolerated so long as it does no harm to others in the community. The contention that many citizens feel about the military cases stems from a belief that the affairs are too slight to destroy careers or promotion prospects.

Defense Secretary William Cohen should not have tried to push the can-

didacy of General Ralston, a friend of his, when to do so raised the issue of a double standard for top-ranking officers. But he was clearly right to call for drawing brighter lines between what is acceptable and what is not. With luck, the panels he has just appointed to review sexual misconduct and gender issues will inject some sanity into the process.

The governing philosophy should surely be that the military has no business investigating consensual sexual affairs unless they have a direct bearing on job performance or the maintenance of military discipline. That would rule out almost any investigation or punishment of private consensual affairs between military personnel and civilians who are not part of the same command. In theory, the military prosecutes adultery only when it is deemed to undermine good order and discipline or bring discredit upon the armed forces. But once a witch hunt is started, it seems increasingly hard to make rational distinctions.

The military should without question crack down on superiors who use their power to coerce sex from subordinates, as has happened with drill sergeants demanding sex of trainees at Aberdeen. It should also set rules governing sex that has potential to disrupt command structure and morale. Examples would be affairs between officers and enlisted personnel or between senior and junior officers in the same chain of command. Sexual abuse of any kind cannot be tolerated.

But what needs to stop is the incessant prying into sexual relationships that have no bearing on any matters. The bar needs to be used higher before a complaint, anonymous or otherwise, triggers an investigation. Commanders should rely more on administrative penalties than on career-ending prosecutions. The "hot lines" designed to let women report sexual abuse and harassment anonymously may need to be revised to eliminate vindictive charges about consensual sex between adults.

The goal should be to prevent sexual misconduct that harms individual soldiers or military missions while ignoring sexual affairs that are no business of the military.

—THE NEW YORK TIMES.

Is the Big Pendulum Taking a Leftward Swing?

By Kevin Phillips

WASHINGTON — After the national elections in Britain, France and Canada, it seems clear that Western conservatism has been shaken.

As for capitalism, a funny thing happened on the way to the millennial enshrinement of the marketplace and the end of the business cycle. Major Western nations started electing Socialists and Communists.

Nobody is suggesting that the ghost of Karl Marx is moving into the Elysée Palace or 10 Downing Street. Still, it is possible to discern some new directions in tax policy, disinclination to cut back social spending, skepticism of central bankers and financial bureaucrats, doubts about privatization.

Maybe these are just blips. But the resounding French results, in particular, suggest that we could be on the threshold of another big shift, like the conservative and free market trend that crested in the late 1980s.

That conservative surge relied on markets to bring excessive government

Japan's conservative Liberal Democratic Party lost the upper house of Parliament in 1989 over regressive tax policy. In America, the Republican presidential coalition cracked up in 1992. Then Canada's governing Conservative Party crumbled in the general election of 1993; a regressive general sales tax was its principal albatross.

Italy is now run by the center-left Olive Tree Coalition.

And on May 1 the British Conservatives, heirs of Margaret Thatcher, were thrown out in a landslide. The Tory share of the vote shrank to 31 percent, its lowest level since 1832.

On May 25, in the first round of the French elections, the two governing conservative parties dropped to 29.9 percent of the total vote.

Germany's ruling coalition is Europe's only major conservative survivor, and it, too, could easily be defeated in next year's elections.

Too little attention is being paid to how these political upheavals have common spur: voter fatigue with regressive tax policy, actual or proposed cuts in education, health or pension programs; smug austerity demands from remote financial bureaucrats and central bankers; privatizations that led to huge CEO salaries and windfall profits for investors.

Conservatism has come to look greedy, corrupt and dedicated to business and financial interests. Meanwhile, socialism and communism are losing some of their 1980s taint, partly because of self-reform, partly because of the collapse of the Soviet Union, but more because of the excesses of conservatism and capitalism.

The hard-line Refounded Communist Party is playing a growing role in Italy, and Japan's Communist Party has made some surprising mayoral and regional showings in the last few years after emerging as the strongest critic of the government's unpopular consumption taxes and bank bailouts.

American pundits have enjoyed categorizing the leaders of Britain's new Labour government, headed by Tony Blair, as more conservative than socialist, but this is probably a mistake.

Mr. Blair, in his book "New Britain," describes himself as a democratic socialist, saying that "the ultimate political objective is a new

political consensus of left-of-center, based around the key values of democratic socialism and European social democracy."

There are some obvious implications for the United States. Voters' distaste for consumption taxes in Canada and Japan, and for the British Tories' abandoned "poll tax" proposal, suggest that the pro-consumption-tax views of Republican tax-writers such as Representative Bill Archer and Senator William V. Roth Jr. could be electoral poison.

Meanwhile, Bill Clinton's willingness to join the Republicans in slashing Medicare is probably costing the Democrats an issue that has been critical for the center-left elsewhere.

French voters' "non" to a policy of safety net reductions paired with upper-bracket tax cuts is still echoing. And in Britain, where Mr. Blair has been reluctant to challenge Conservative fiscal restraints, voters are anxious to do so. A late April poll for The Economist showed roughly 75 percent of voters in favor of more spending and programs — even if taxes had to rise.

Privatization, too, should slow. The new French government, which is hostile to it, is expected to hold up some privatizations in the pipeline. Britain's new Labour regime intends to impose a windfall profits tax on gains reaped from recent utility privatizations.

Central bankers can expect far more scrutiny, with Labour having taken away the Bank of England's supervisory relationship with British banks,

and with the French Socialists out to weaken the role of the planned European central bank.

Americans are usually skeptical that trends anywhere else mean much for them, although conservatives were happy to proclaim the shared global ideology of the 1980s. Yet if there were obvious parallels in how conservative economics spreads, there could also be parallels in how it retreats.

The British, French and Canadian elections confirm another trend: how right-wing populist conservatives are splitting away from elite conservatism and damaging its election prospects.

In France, Jean Le Pen's National Front not only competed with the conservatives, but at least half its voters appear to have swung to the left in the runoff. In Canada, the populist Reform Party split the vote on the right.

Sir James Goldsmith's populist Referendum Party drew off more than 800,000 votes in Britain, mostly at the Conservatives' expense. Patrick J. Buchanan and Ross Perot have played similar roles in the United States.

The crux of the matter: If conservatism has overlaid its pro-market, anti-welfare-state and regressive-tax preferences as dramatically as recent election returns suggest, we could be looking at a 10- to 15-year counteride. That would be the big political story of the early 21st century.

The writer, publisher of American Political Report, contributed this comment to the Los Angeles Times.

The Rout in France Serves Conservatism

THE electoral rout of the French right actually serves conservatism. It gives Socialists another opportunity to demonstrate the delusional nature of their policies, and to toss fistfuls of gravel into the machinery driving Europe toward anti-democratic unity.

In France, where statism is the civic religion, the welfare state is increasingly incompatible with the welfare of the state, and of society. Government is big and weak, failing to propitiate proliferating client groups. Thus the welfare state, which was supposed to produce social solidarity, produces pandemic irritability, as when angry truckers block the nation's roads.

The competitive astringency of the global economy will intensify the pun-

ishment of France for policies which presuppose, as socialism generally must, autarky. The French, already made surly by stagnation and by the mere mention of therapeutic policies, will want their Socialists to demand relaxation of the Maastricht criteria.

Happily, Europe's peoples are casting a jaundiced eye on the real reason for monetary union — the desire of Europe's political class to siphon sovereignty from national legislatures and pump it into the supranational bureaucracies. Dilution of national sovereignty, and with it of democracy, attenuates popular control of the political class.

—George F. Will, commenting in The Washington Post.

Reinterpret Those Criteria, and Launch the Euro on Schedule

By Valéry Giscard d'Estaing

PARIS — The political earthquake in France, a month after the one that shook Britain, will have a major impact on European unification. The shock waves will be felt in the efforts to reform, strengthen and enlarge the institutional framework for a unified Europe as well as in the plans for a common currency.

The victorious French Socialists lack an absolute parliamentary majority, and have to count on the support of their Communist allies and the environmentalist Greens. Both are fiercely hostile to the goal of monetary union, under the Maastricht treaty. And both will wield power in the new administration, in which they together hold three cabinet ministries.

The European Union's members have taken a minimalist approach to institutional change: adjusting voting rights in the Union's Council of Ministers, reworking the demographic rep-

resentation of member states, and symbolically reducing the number of commissioners.

France's political shift will reinforce that minimalist approach, as deep splits within the new majority will prevent the Socialists from agreeing to calls to build a strong federal Europe. No drama — just enough piecemeal reforms to allow negotiations to continue. "Greater Europe" is shrinking.

The French election's impact on monetary union is indeed more critical, creating difficulties on two fronts: meeting Maastricht's criteria to join the currency union, and the "stability pact," which requires each European partner to lower its budget deficit.

France has not yet reached the requirement of reducing this year's deficit to less than 3 percent of GDP. The next audit is likely to show a huge budget

gap. The 1998 budget is supposed to have mandatory spending caps to attack the mounting debt.

The Socialists are proposing nothing but more spending (350,000 new jobs paid for with public money, increases in pensions and the minimum wage) without revenue increases to pay for it. France's public finances are hyperextended, with no room to raise taxes further.

The only possible way out is to cut spending, but this runs contrary to the Socialists' promises. Every decision to deepen the deficit reduces the chances of qualifying to join the single currency.

The other difficulty has to do with the "stability pact," required by Germany. France's new prime minister, Lionel Jospin, has demanded that its scope be broadened. This pact is crucial to the euro's credibility,

especially in persuading the German public to replace the Deutsche mark, rock solid for 50 years, with the unknown and untested euro.

From here on in, the euro's main obstacle is going to be German public resistance.

Mr. Jospin and Chancellor Helmut Kohl, fully committed to the cause of European unity, have sought to reach an agreement acceptable to their countries. A lasting agreement is not easy, because each leader will be under close scrutiny, one by his Communist and Green allies, the other by his public, kept in a state of high alert by the German central bank.

This is the crucial political question: Do the advantages of inaugurating the euro on the planned date outweigh the risks? If the answer is "yes," the euro's success will depend on a joint reinterpretation of the Maastricht treaty, replacing its strict budgetary criteria with a

more flexible approach based on progress toward reducing deficits, with the condition that the stability pact's requirements be maintained.

If Europe clings to the strict criteria, not a single major country will be able to meet them except by resorting to an accounting trick, and the Euro's pean project will fail.

Or perhaps be delayed, but until when? Will the political conditions for a single currency ever be better than now?

Putting the euro in place by the scheduled date is an imperative. We need it to bring about a stable unified market; encourage competition on an even playing field and attract international investment.

We must save the euro, and make it succeed.

The writer was president of France from 1974 to 1981. He contributed this comment to The New York Times.

Other Comment

Technology for Literacy

The use of technology for education has been popular ever since the creation of the reed pen and papyrus paper. Indeed, technology and other tools that can enhance humans' basic skills are increasingly included in the definition of literacy itself.

As we approach the year 2000 the discussion of using technology — especially advanced telecommunications — for education and for literacy work has become ever more intense.

Much of this work is still in its infancy, such as efforts to utilize synthetic speech to teach reading, or the use of multimedia displays (interactive video, audio tapes and computer displays) to provide much more sophis-

ticated instruction than has been heretofore available.

And the multiple uses of the Internet are at the cutting edge of technology for literacy. Now accessible from most countries of the world, the Internet offers tremendous possibilities to improve the communications infrastructure for literacy programs within and across countries.

Similarly, distance education — using radio, television and other means of communication — is likely to see dramatic growth in the decade to come.

The relative cost of computers continues to drop at an astounding rate.

—From Literacy Innovations, newsletter of the International Literacy Institute (University of Pennsylvania, Philadelphia).

A Security 'Identity' for Europe? Watch the Bosnia Theater

By William Pfaff

LISBON — Washington's "New Atlantic Agenda" dominates the trans-Atlantic dialogue this spring, in the lead-up to next month's NATO enlargement conference in Madrid.

The implications of the "agenda," and some of the objections to it, were among the topics of this year's third Arabidra conversation, near Lisbon, between Europeans and Americans, convoked by Portugal's Orient Foundation, under the general chairmanship of Lord Carrington. The conversation included the president and the foreign minister of Portugal.

President Bill Clinton has said that this generation has "the chance to complete the great endeavor that Marshall's generation began, to build a democratic, peaceful, undivided Europe for the first time in history."

He sees NATO enlargement providing an American-guaranteed unification of Western with Eastern Europe, comparable in its implications to the Marshall Plan's underwriting of Western Europe's own unification after the World War II.

This view implies that NATO expansion has become the principal political game in Europe, rather than European Union enlargement. An expanded trans-Atlantic NATO is presented as completing and in a measure superseding a purely European EU.

This aspect of the affair is why Baroness Thatcher supports the parallel "New Atlantic Initiative," launched in Prague a year ago, with Vaclav Havel and Henry Kissinger in attendance. It is the conservative version of the Clinton program.

Meetings during the past year under joint sponsorship by U.S. embassies and European business groups have emphasized trade expansion and market-opening measures as part of the new American approach.

The Clinton administration has proposed a trans-Atlantic free trade agreement integrating NAFTA and the European single market, although cooler heads on both sides of the Atlantic acknowledge that while access to the other side's markets is attractive, further market opening to foreign producers is less appealing to domestic industry and farmers.

The most enthusiastic supporters of the new American approach are found in some (not all) of the former Communist Central and East European states. The reason is obvious: They want enhanced security, and NATO expansion seems to offer it. Article 5 of the NATO treaty states that a threat to one member of the alliance will meet a response from all.

An expanded American presence in Europe also suits some of the smaller present members of NATO, who have always backed the role that Washington claims as a "European power" because of the influence of the United States offsets the influence of Germany, Britain and France. The position of Dutch, Danes, Italians and Portuguese, among others, is strengthened vis-à-vis neighbors otherwise inclined to turn Europe in their own interests.

Others are annoyed or made uneasy by American efforts to

expand its role, and particularly by the effort to substitute NATO for the European Union as the body which sets European policy. The French obviously lead this camp — awkwardly, since France still is not a fully integrated NATO member, precisely because of this dispute over who runs the alliance. There are misgivings in Germany and Britain as well, and in some circles elsewhere.

Thus a very important question is now posed for those Europeans who genuinely believe that Europe should have its own foreign and security policy, as promised by the Union's present members at their Maastricht summit in 1991.

Last year, in Berlin, NATO's European members demanded and got Washington's agreement in principle to a European "identity" within NATO, meaning a European right to use NATO resources in conducting operations of distinct European interest. This still lacks practical definition and, what is worse, a common political will in Europe to come to a decision.

There is, however, something on which a decision is needed, within the next year, that could have an immense influence on how the trans-Atlantic relationship develops.

There has to be a decision on what will happen in Bosnia if the United States sticks to its announced policy of withdrawing its forces by next June.

The current European position is that when U.S. forces leave, European forces will leave with them. This policy

was adopted solely to pressure the United States not to leave. It ignores the consequences if the policy is actually carried out.

There have been reports that Paris and London are in touch about not leaving. This is potentially very important. If they should resolve not to leave Bosnia with the Americans, and by next year develop a European replacement force, they would by that act have bestowed upon Europe a separate and independent foreign and security policy. No one would be more

surprised, but also more impressed, than Washington.

Failure to do so, after Europe's earlier failure to find a common policy at the start of the Yugoslav war, would probably lay the tombstone of European foreign policy autonomy, at least in this generation.

The opportunity for the Europeans is large, and the implications of failure are equally large — for the United States, as a European power, too.

International Herald Tribune.
© Los Angeles Times Syndicate.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1897: Murder Attempt

LEAVENWORTH, Kansas — A desperate attempt was made to assassinate Mr. Smith, Governor of the State. Mr. Smith paid an official visit to the National Soldiers' Home at Leavenworth, accompanied by his wife and family. While going through the building a terrific explosion occurred and the house was almost demolished. By extraordinary good fortune Governor Smith and his children escaped practically unhurt, but Mrs. Smith was badly injured. It is generally believed that the Governor was selected to be the victim of an atrocious conspiracy.

1922: Genetic Changes

NEW YORK — Successful experiments for altering the sex of butterflies by the application of X-rays to the eggs are announced by Professor James Maynor, of Union College. It is

not believed that the process is applicable to human beings, but it is important, as showing that the mechanism of heredity can be altered by external means.

1947: Atomic Checks

NEW YORK — Russia today [June 11] offered the United Nations a new set of atomic control proposals which opened the way to possible agreement over international inspection, but left the Soviet Union in direct conflict with the United States. Andrei Gromyko called for the establishment of a commission with internationally recruited personnel to carry out "strict international control over all facilities" engaged in mining atomic raw materials and producing atomic energy. The United States, which has been unbending in its stand against the veto in atomic matters, also insists on unlimited international inspection.

Herald Tribune
ESTABLISHED 1887
KATHARINE GRAHAM, ARTHUR OCHS SULZBERGER
Co-Chairmen
KATHARINE P. DARROW, Vice Chairman
RICHARD McCLEAN, Publisher & Chief Executive
MICHAEL GETLER, Executive Editor

• WALTER WELLS, Managing Editor • PAUL HORVITZ, Deputy Managing Editor
• KATHERINE KNOX and CHARLES MITCHELLMORE, Deputy Editors • SAMUEL ABT and CARL GEWIRTZ, Associate Editors • ROBERT J. DONAHUE, Editor of the Editorial Pages
• JONATHAN GAGE, Business and Finance Editor
• RENÉ BONDY, Deputy Publisher
• JAMES McLEOD, Advertising Director • DIDIER BRUN, Circulation Director
Directeur de la Publication: Richard McClean

International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92521 Neuilly-sur-Seine, France.
Tel: (1) 41.43.93.00. Fax: Subscriptions: (1) 41.43.92.10; Advertising: (1) 41.43.92.12. News: (1) 41.43.93.38.
Internet address: <http://www.ihb.com> E-Mail: ihb@ihb.com

Editor for Asia: Michael Richardson, 3 Century Rd., Singapore 0511. Tel: (65) 472-7768 Fax: (65) 274-2334
Hong Kong: 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100.
U.S. Office: 100 Third Ave., New York, N.Y. 10022. Tel: (212) 723-3900 Fax: (212) 723-4783
U.K. Office: 100 Third Ave., New York, N.Y. 10022. Tel: (212) 723-3900 Fax: (212) 723-4783
S.A.S. in capital de 1.200.000 F. RCS Nanterre B 732021/26. Communication Paritaire No. 61337
©1997, International Herald Tribune. All rights reserved. ISSN: 0594-2052

EGYPT

PHARMACEUTICALS: READY FOR MAJOR CHANGE?

New developments are likely to transform the industry.

The pharmaceutical industry is in transition as the government's program of liberal economic reform and privatization unfolds to encourage foreign investment, which will enable the fuller integration of Egypt into the global economy.

Egypt recently became a member of the World Trade Organization, and this, together with its trade accord with the European Union, is throwing into relief the modus operandi of the industry. Egypt's pharmaceuticals market, the largest in the Middle East, is worth 3.2 billion Egyptian pounds (\$944 million) and in 1996 grew by 6 percent.

Around 85 percent of the product is dispensed in the private market, and the remaining 15 percent is distributed through government hospitals, health insurance and large institutions, such as the armed forces and police outlets," says Samir Sabet, vice chairman and managing director of Novartis (Swiss-pharma), formed by the merger of Ciba and Sandoz.

Around 94 percent of Egypt's pharmaceutical needs are manufactured at 32 sites in the country. Mr. Sabet adds, however, that "the remaining 6 percent, representing the high-tech end of the market requiring heavy investment, is likely to continue being imported."

Among the market leaders are Novartis, Bristol Myers Squibb, Hoechst Roussel, Epioco and Pharmco, Glaxo Wellcome, Amoun, Amriya and Misr.

Topping the top 10

Novartis increased its market share from 7.6 percent in 1995 to 8.2 percent in 1996,

and in the first quarter of 1997 assumed first place in the top-10 league of leading Egyptian manufacturers.

The company's sales in 1996 grew by 19.6 percent, compared with market growth of 6 percent. According to company statistics, the increase was due mainly to the performance of core registered products, the high performance of three new products, large increases in the sales of generic products and increased exports to the Gulf.

"In those segments of the market where our products compete specifically, we still maintain the position of being number one or two in all areas," says Mr. Sabet. Company profits were also pushed up by the value of the U.S. dollar against the Swiss franc and by the increased value of the Egyptian pound against the Swiss franc.

Complying with the WTO Egypt's membership in the WTO means that local producers will no longer be protected by government subsidies, tariffs will be lowered and the pharmaceutical industry will have to comply with stringent WTO rules regarding intellectual property rights.

Copies of drugs, which resulted in a flourishing local market, largely replaced costly imports but will become a thing of the past as local manufacturers must now produce patented drugs under a license.

Consumers and many manufacturers fear the new rules will push up prices and force the closure of many local companies, which do not have the resources for development to compete

with multinationals. "Many will not survive unless they merge," says Mr. Sabet. The pharmaceutical industry will be subject to what Atief Obeid, the minister for privatization, refers to as a "core feature of the liberalization of trade" — namely, competition in the marketplace.

The WTO argues that membership will actually lower prices by encouraging competition among exporters and improving the quality of local products. In any case, more than 1,000 drugs are already exempt from tariffs.

Importance of exports

With deregulation and liberalization, exports are likely to become an even more important focus of the industry. The country already exports to the Middle East, particularly to the United Arab Emirates, Kuwait, Qatar and Saudi Arabia — the largest market, worth around \$750 million.



A \$944 million industry: Egypt's pharmaceuticals market is the largest in the Middle East.

PRIVATIZATION IS A KEY ELEMENT OF STRUCTURAL REFORMS

The next wave of privatizations in Egypt will include sugar, aluminum and textile companies, as well as public utilities.

Egypt's economic reform program rests on three central, interrelated elements: privatization, liberalization and deregulation.

The offering of 314 public sector enterprises on the stock market has come to represent the motor force of privatization's contribution to a successful reform program, to which the government is committed under an IMF agreement.

"The core to structural reforms is the privatization

program because you give a signal that the government will not be a competitor to the private investor," says Atief Obeid, the minister in charge of privatization.

From sugar to utilities

Privatization generated about 5 billion Egyptian pounds (\$1.48 billion), raised mostly through public offerings, in the first phase of the program, which ended in May.

The next phase will include some of the largest textile, aluminum and sugar

companies. Public utilities are on the agenda for private investment, and some companies will have more of their shares sold on the stock market.

The government began its program by selling off profitable companies. With the proceeds from the first round of successful sales in a central bank fund, the government is now approaching anchor investors, or those who

come from within the same industry as the company in question and who have the expertise to turn round a failing company.

When a company eventually goes to the stock market, the anchor investors' "interest will, of course, be the capital gains that they make in the interim period and, they hope, profits as they go along," says Sherine Farrag, investment manager

at the Gulf Arab Investment Company.

Part of the funds from the first round of sales will be used to settle major debts and redundancy payments to the employees of unprofitable state enterprises.

Employees who have worked in these companies for longer than 20 years are being offered early retirement, along with a sum of 12,000 to 35,000 Egyptian

pounds. The package is being offered before privatization.

The privatization program is attracting investors from Europe and many Arab countries.

Saudi Arabia and Kuwait are the largest investors in Egypt, with interests estimated to be worth around \$2 billion each, followed by Libya and the United Arab Emirates.

Saudi Arabia, considered Egypt's most important trade partner, invests in a range of sectors, including tourism, real estate, agriculture and industry.

"With the privatization program going on in Egypt, Saudi Arabia will undoubtedly invest heavily in Egypt," says Saudi Arabian embassy sources.

Substantial income Egypt's privatization program is well under way, with numerous public offerings through the stock market generating substantial income for the government. Some bankers estimate that \$4 billion will be raised by the end of the year, after the sale of large sugar, aluminum and textile companies.

GULF ARAB INVESTMENT COMPANY S.A.E.

In Egypt since 1984, our portfolio of direct and indirect investments now exceeds \$ 70 million. Our extensive experience and widespread network in Egypt and the Gulf States position us to actively support you in a broad range of investments.

ACQUISITIONS
NEW VENTURES
MUTUAL FUNDS
FINANCIAL PORTFOLIOS
DIRECT INVESTMENT FUNDS

FOR FURTHER INFORMATION, CONTACT:
AHMED FARID, GENERAL MANAGER
MOHAMED EL SABBAGH, MANAGER, PROJECTS
SHIREEN FARRAG, MANAGER, INVESTMENTS

56 Gamiat El Dowal El Arabia, Mohandessia, Giza
P.O. Box 112, Gezira 11568, Cairo, Egypt
Telephone: (202) 336 3717/13/30 Facsimile: (202) 348 9809

ARAB INTERNATIONAL BANK A LEADING BANK IN EGYPT & ARAB REGION



AIB 30 / 6 / 1996 RESULTS

ASSETS / LIABILITIES	US \$ 2264	MILLION
CAPITAL	US \$ 210	MILLION
RESERVES	US \$ 100.7	MILLION
DEPOSITS	US \$ 1914	MILLION

LOCAL BRANCHES

ALEXANDRIA: Tel : 4836775 Telex : 55683 AIBLX UN
PORT SAID : Tel : 223739 Telex : 63273 AIBPS UN
TAHRIR: Tel : 5743448 Telex : 20113 AIBIR UN
HELIOPLIS: Tel : 2902069 Telex : 21718 AIBHL UN

OFFSHORE BRANCH: BAHRAIN Tel : 531611 Telex : 9489 - 9538 AIBBH BN
REPRESENTATIVE OFFICE: TRIPOLI, LIBYA Tel : 3800040 Telex : 20919 AIBLY

CALL US AT HEAD OFFICE

35 Abdel khalek Sarwat Street, Cairo, Egypt. Tel: 3918794 - 3916492 - 3916391
Telex: 92079 AIB UN - 92098 AIBEX UN SWIFT: ARIBEGCX001

PRIVATIZATION PROGRAM: JULY-DECEMBER 1997

The following is a partial list of companies scheduled to be privatized this year.

Companies Offered on the Stock Market: Minority shares (40%)	Companies Offered to Anchor Investors: Majority shares
Egyptian Pharmaceutical Trading	The Delta Industries (IDEAL)
Misr Pharmaceutical Industries	PHILLIPS
El Gombouria Pharmaceuticals and Medical Appliances	El Nasr Wool and Selected Textiles (STIA)
Chemical Industries Development (CID)	Paper Converting (VERTA)
El Nile Pharmaceutical and Chemical Industries	BATA
Majority shares	Société Industrielle Moharram Press
Alexandria for Container Handling	Commercial for Woods
General Egyptian for Railway Wagons (SEMFA)	Grand Hotels of Egypt
	Egyptian Hotels

For more information, please contact:
Dr. Mokhtar Khatib, Public Sector Ministry. Fax: (202) 355 9233.



NATIONAL BANK OF EGYPT

The Top Bank in the Land of the Pharaohs

The first Bank to introduce mutual funds in Egypt.

The first Bank to establish a leasing company in Egypt in cooperation with foreign expertise.

The first Bank to issue GDRs in the international market.

The first Bank on the Internet.

Equity participation in 162 projects with a total capital of L.E. 16.5 bn.

Head Office: National Bank of Egypt Tower
1187 Corniche El Nile, Cairo
P.O. Box 11611 Tel: 5749101 Fax: 762672
Tlx: 20069 NBE UN

OIL AND GAS FINDS

Continued from page 11

role of IEOC as Egypt's number one gas producer and number two oil producer," says Oldarico Masoni, managing director of Agip/IOEC.

Agip/IOEC recently discovered 17 natural gas wells in the Nile Delta, six new oil wells in the Western Desert and five oil wells in the Red Sea. In 1996, the company produced about 31 percent of Egypt's oil, or 290,000 b/d, in tandem with joint-venture partner EGPC, through their company Petrobel. Their principal oil-producing area is at Belayim in the Gulf of Suez, discovered in 1961.

\$1.6 billion in oil exports Egypt's oil exports for fiscal 1996 were worth \$1.6 billion. Volume could rise to 1 million b/d within two to three years; the current rate of production is 880,000 barrels of oil a day, according to official sources.

More than 16 other companies are active in the field; these include Apache Corporation at Qarun as well as at the two adjoining areas of Khaldia and Khaldia Offset, where seismic studies and drilling are progressing. Apache has a 40 percent interest in Khaldia and Khaldia Offset; the operator, the Spanish company Repsol, has a 50 percent interest; a

third partner, Samsung, has a 10 percent stake. "Khaldia Petroleum, the joint venture company between EGPC and the partners, operates the production in all of the field operations," says Kevin Ikell, vice president and general manager of Apache, Egypt. On the transport side, a new gas pipeline across the Western Desert from Khaldia to Alexandria is being constructed and will carry 260 million c/d of gas from Khaldia in 1999. A second pipeline is being planned to carry gas out of Khaldia, destined for south Cairo.

"Qarun is our flagship operation and is probably the largest single find in the Western Desert," continues Mr. Ikell. "We have a 75 percent working interest in partnership with Seagull. Apache has six drilling rigs at Qarun along with several prospects, including an inventory, and we intend being active out there for years to come. There is a lot to do."

The substantial new discoveries of oil and gas will prove beneficial in the future as demographic factors and economic growth increase energy consumption in Egypt. The switch from oil to gas as a source of energy is unlikely to take place in the short term because investment in the infrastructure needed to process gas must come first.

"EGYPT" was produced in its entirety by the Advertising Department of the International Herald Tribune.
WRITER: Jane Borges is based in London.
PROGRAM DIRECTOR: Bill Mahder.

EGYPT

TOURISTS SEEK

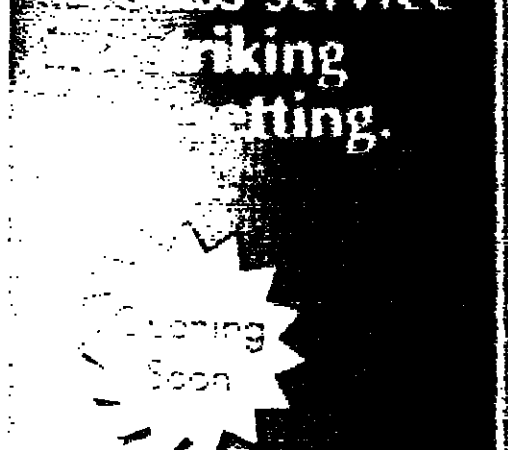
The number of tourists seeking to visit Egypt has increased significantly in recent years. The Egyptian government is actively promoting tourism as a key sector for economic growth. The country's rich history and cultural heritage are major attractions for international visitors. The tourism industry is expected to continue its upward trend in the coming years.

MAKING INDUSTRY

The industrial sector in Egypt is undergoing significant reforms and modernization. The government is encouraging private investment and foreign capital to boost industrial production. Key industries such as textiles, chemicals, and manufacturing are being targeted for privatization and restructuring. The goal is to enhance the competitiveness of the industrial sector in the global market.

Business service

striking setting.



Sharm El Sheikh Resort

Sharm El Sheikh Resort is a premier destination for tourists seeking relaxation and adventure. The resort offers a wide range of facilities, including luxury accommodations, world-class dining, and exciting water sports. Its strategic location on the Red Sea coast provides breathtaking views and easy access to coral reefs and marine life.

CONRAD INTERNATIONAL

CONRAD INTERNATIONAL is a leading hotel chain known for its exceptional service and high-quality amenities. The brand is expanding its presence in Egypt, offering guests a luxurious and comfortable stay. Conrad hotels are committed to providing a memorable experience for every guest.

Sharm El Sheikh Resort

Sharm El Sheikh Resort is a premier destination for tourists seeking relaxation and adventure. The resort offers a wide range of facilities, including luxury accommodations, world-class dining, and exciting water sports. Its strategic location on the Red Sea coast provides breathtaking views and easy access to coral reefs and marine life.

Sharm El Sheikh Resort

Sharm El Sheikh Resort is a premier destination for tourists seeking relaxation and adventure. The resort offers a wide range of facilities, including luxury accommodations, world-class dining, and exciting water sports. Its strategic location on the Red Sea coast provides breathtaking views and easy access to coral reefs and marine life.

Sharm El Sheikh Resort

Sharm El Sheikh Resort is a premier destination for tourists seeking relaxation and adventure. The resort offers a wide range of facilities, including luxury accommodations, world-class dining, and exciting water sports. Its strategic location on the Red Sea coast provides breathtaking views and easy access to coral reefs and marine life.

هكذا من ألد صل

SPONSORED SECTION

SPONSORED SECTION

EGYPT

هكذا من الأصل

FOR TOURISTS SEEKING SUNSHINE IN WINTER

In addition to its cultural attractions, Egypt offers fine beaches and spectacular coral reefs.

Egypt has 15,000 kilometers (9,300 miles) of largely unspoiled sandy beaches and beautiful coral reefs that are practically on Europe's doorstep, and the country could become a sought-after destination for Europeans seeking the sun in winter.

Tourism is the country's second-largest earner of foreign exchange, after remittances from Egyptians living overseas, and the industry contributes more to the annual gross domestic product than revenues from oil and the Suez Canal. Tourism is a labor-intensive industry, and there is great potential for job creation.

Privatization under way
The force behind the sectoral restructuring of the economy is the government's 1993 privatization reforms, which led to portfolio and foreign direct investment, much of which went to the tourism industry.

Ambitious privatization plans are under way, with hundreds of hotels being sold all over the country — 36 in

the first few months of this year.

Coastal areas in Sinai and along the Red Sea have been earmarked for private sector development, and they have been a focus of direct foreign investment from Europe and the Gulf.

Incentives for investors
The government is offering very favorable incentives to private investors, including tax holidays and the sale of land that has been set aside for tourism purposes for as little as \$1 per square meter in new tourism areas.

Tourism is one of the most rapidly growing sectors of the economy. Growth can be seen in three statistical indicators: The number of tourists increased by 128 percent between 1983 and 1995; the number of hotels mushroomed from 300 in 1984 to 761 in 1996; and the number of tourists more than doubled, from 1.5 million in 1983 to 3.9 million in 1996.

Rapid growth in tourism
The top markets for Egypt in 1995 were Germany, Saudi

Arabia, Britain, Israel and Italy. By the end of the year, however, Scandinavia is likely to be added to the list as an important European market.

Egypt's oldest travel agency, state-owned Misr Travel, has signed a cooperation agreement with Sweden's Fridtjofors Group, which has branches all over Scandinavia, to begin charter flights in October from Scandinavia to Egypt.

The agreement is expected to "raise the number of Scandinavian tourists to Egypt by 30 percent above last year's figures," says Mohamed Ahmed Hussein, chairman of Misr Travel.

Infrastructure targets

To reach the target of 6 million visitors by 2000, the country will not only have to build quality hotels and resorts, but it will also have to meet other infrastructural targets, says Mamdouh el-Beltagi, Egypt's minister of tourism. Roads, railways, airports and telecommunications infrastructure need to be built and upgraded, and

the tourism industry staffed by professional personnel.

The multibillion-dollar tourism industry will likely make an even greater contribution to the economy through diversification. Cultural tourism will no longer dominate the tourism sector since new projects on the west coast of the Red Sea and on the Sinai Peninsula are being developed to add beach and recreational holidays with a difference.

The two main areas for private sector development are along the coast from Ras Zeit to Mersa Alam on the Red Sea, and South of Sinai in the Gulf of Suez, St. Catherine Plateau and the Gulf of Aqaba.

New developments

The Sahl Hashish Bay project, south of Hurghada on the Red Sea coast, is being developed by the Egyptian Company for Tourist Resorts, whose backers are the local Misr Insurance, Al-Chaq Insurance, Al-Ahliya Insurance and the National Bank of Egypt, which owns more than a fifth of the land.

In the next 10 to 15 years, the company plans to build 500 villas and six hotels.

The El-Gouma project on the Red Sea is in an area of beautiful coral reefs, 21 kilometers north of Hurghada. Several developments are envisaged. These include an airport, a golf course, the Abu Tig marina, a resort of 120 villas, several hotels and apartments. Early in the year, the World Bank agreed on a \$5 million equity investment and a \$20 million loan for infrastructural development at El-Gouma.

Super-luxury resorts

Ras Abu Soma, north of Safage, is due to open within a year; it is being developed by The Egyptian Finance Group, with contributions from the International Finance Corporation, the private sector arm of the World Bank, and Saudi Arabian and Egyptian investors. Robinson Hotels of Germany and Sheraton Corporation will manage two of the hotels in this super-luxury resort with golf course, marina, shops and casino. Facilities

such as water and wastewater treatment and electricity will come out of a \$130 million World Bank tourism development loan.

Conrad International Hotels will be opening a new 351-room hotel in Ras Nasrani Bay at Sharm El-Sheikh in the summer. Conrad International Hotel's initial project was assuming management of the Conrad International Hurghada Resort, located 10 minutes from the airport. Conrad International Cairo is due to open in the winter of 1998. Besides 670 deluxe rooms and suites, the hotel will offer "extensive meeting and banqueting facilities and the biggest casino in Cairo," says a company spokesperson.

The Red Sea Riviera has a string of Egyptian-Israeli jointly owned developments and a large project at the Egyptian resort at Taba, the port of Aqaba in Jordan and the Israeli resort of Eilat. The Egyptian development will involve tourist villages and hotels, golf courses and marinas between Taba and Ras Mohammed. ●



Mystery and splendor: Egypt has long been a favorite destination for international travelers.

BANKING INDUSTRY HAS COME A LONG WAY

Deregulation and greater competition are transforming the industry.

This year, as part of its privatization program, the government will begin selling four public-sector banks.

It is not yet clear which bank will be the first candidate. Of the country's 81 banks, 28 are commercial, including the four dominant public-sector banks. These are the Bank of Alexandria, Banque Misr, Banque du Cairo and the National Bank of Egypt, which together hold more than half of all deposits and assets.

The other 24 commercial banks are joint venture concerns or in private sector hands. The five largest are Commercial International Bank, MIBank, Egyptian American Bank, Suez Canal

Bank and Misr Exterior Bank.

Some of these are majority owned by giant public sector parent companies; MIBank, for instance, is majority owned by Banque Misr, and these shares are soon to be sold on the stock exchange. The government will gradually whittle down public sector interest in domestic banks.

Before 1991, the banking sector in Egypt was regulated through the central bank, which set interest rates and decided what charges should be imposed on transactions and commission fees. Fierce competition after deregulation led to slashing of interest rates, and competition was further increased when foreign banks became entitled to deal in

Egyptian currency. Confidence is now increasing, and some banks have begun showing good profits. The National Bank of Egypt, which celebrates its 100th anniversary next year, has been one of the most innovative players in this field.

Deregulation opened up many investment possibilities in the banking sector. Banks are becoming far more business-oriented and are now competing with financial service providers. The Commercial International Investment Company was formed in 1994 as the investment wing of the Egyptian American Bank. CIIC and EFG-Hermes are out front in investment banking, but the Egyptian financial market is

seeing growth in all types of investment activity.

In addition to fund-management companies, investment banks and corporate finance houses, there are several offshore investment funds, more than 15 mutual funds and around 85 brokers.

One analyst expresses unease with the proliferation of small brokerage companies, as mistakes are likely to be costly in terms of investors' trust. "In the United States, there are just a few companies with branches all over the country," she says.

The Egyptian Stock Exchange has attracted more than a million investors, most of them in the past year, nearly a

third of whom are foreign. The market, which is capitalized at more than \$20 billion, is possibly the largest in the region and the second largest in Africa, after South Africa.

The country's bourse has come a very long way. "When Egypt began to attract direct foreign investment, not only were there price controls, exchange controls, no investment laws, no business laws, but also there was no mechanism for raising funds," explains Sherine Farrag, investment manager at Gulf Arab Investment Company.

"As a result of the legal and foreign exchange environment and because of poor funding, many companies went belly up. Raising equity is more challenging, but it is cheaper than debt."

Traditionally involved in greenfield projects, GAIC is employing its financial resources expertise in the Egyptian stock market and recently launched a mutual fund.

There may still be huge bureaucratic hurdles, including a lack of information technology and skilled personnel, within this transitional phase of the capital market, but there is growing flexibility.

According to Ahmed Farid, general manager of GAIC, people used to "think 10 times before committing funds to Egypt because they couldn't get out when they wanted, and they couldn't unload unless a buyer was found for the company." It is now possible to sell a company piecemeal on the stock market, bringing investors a great deal more flexibility and therefore security.

The country's investment climate is becoming increasingly attractive for direct investors. "If I make an investment today," says Mr. Farrag, "and I only want to commit for three years, I can look at capital gains that will be attractive to my shareholders. That's a nice change from the past." ●

World-Class service
in a striking
seaside setting.

Opening
Soon



Conrad International Sharm El Sheikh Resort

welcomes you to Sinai,
a panorama of sea,
mountains, desert and history.

THE INTERNATIONAL SYMBOL
FOR SERVICE

CONRAD
INTERNATIONAL

Ras Nasrani, Sharm El Sheikh, South Sinai, Egypt.
Cairo Office: 35 Amman Street, Dokki, Giza, Egypt.
Tel.: 3366451/2/3 Fax: 3483101

NOVARTIS
new skills in the science of life

NOVARTIS group is now formed
from the merger of

SANDOZ dcb

Novartis aims to become
a global leader in life sciences:
Health care, Agribusiness
and Nutrition

Novartis Egypt - presided by Dr. Samir Sabat
provides for the welfare of the Egyptian
Community with its high quality, innovative
products and services as:

Healthcare

Novartis Pharma S.A.E.
Managing Director
Dr. S. Sabat

Novartis Consumer Health
Sector Head
Dr. Kamal Victor

BIOCHEMIE
Head
Dr. Hussein El-Sheshtawy

CIBA GENERICS
Head
Dr. Adel Younan

Ciba Vision
Head
Dr. Salwa Eid

Agribusiness

Novartis Agro Egypt S.A.E.

Crop Protection
Sector Head
Mr. Beat Adler

Animal Health
Sector Head
Mr. Sarwat Abdel Mawgoud

Nutrition

Gerber
Head
Dr. Youma El-Sheredy

أباتنشي

We're the largest independent oil and
gas company operating in Egypt and,
with contractor interests in 111,000
square kilometers, the largest leaseholder
in the country. We participated in the
biggest oil discovery in the Western
Desert, Qarun's 11,957-barrel-per-day
El Sagha #3.

We increased our stake in Egypt by
merging with The Phoenix Resource
Companies last year and acquiring
three blocks from Mobil Corporation in
January 1997.

Between 1996 and 1999, we plan to
invest \$1 billion in Egypt—in fast-track
exploration and development, 2-D
and 3-D seismic, production facilities,
pipelines and other infrastructure
designed to help the economy
grow and prosper.

We're Apache Corporation,
proud partners with the Egyptian
General Petroleum Corporation.

Apache Egypt Companies
Kevin Ikel, General Manager
11, Street 281
P.O. Box 672 Maadi
New Maadi, Cairo, Egypt
Tels # 3520504 / 3520905
Fax # 3528117

Apache
CORPORATION

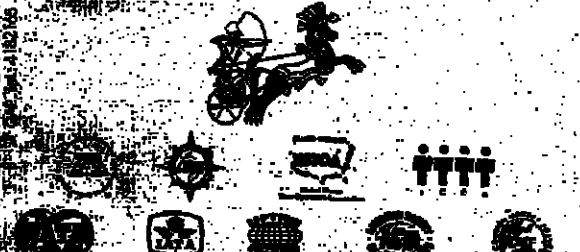
MISR TRAVEL
YOUR GUIDE IN EGYPT
Since 1934

...the sun is
...for Egypt.
Once you remember our name,
you won't have to worry any
longer about your trip to Egypt.
• We provide all your travelling
needs for
business or leisure...
conferences...

romance and relaxing
• Nile cruises (floating hotels)
• Packages to explore Upper
Egypt
• Floating restaurants (Onyx,
Topaz, Opal & Turquoise)
• Professional multilingual guides
• Comfortable
accommodations
• Complete travel reservations
• 500 plush touring vehicles
• Groups or individuals
• Sight-seeing in Cairo
• Diving trips at Magawish, a
resort on the Red Sea
• Furnished flats in Cairo and
Alexandria

Need we say more?

HEAD OFFICE
1, Talaat Harb, P.O. Box 1000 Cairo, Egypt.
Tel.: 3930010/0077 Fax: 3924440
Telex: 20771 or 22777 UN
MISR TRAVEL OVERSEAS OFFICES FAX NOS.
New York (1-212) 2478142 Rome (39-6) 4880522
London (44-171) 2551089 Frankfurt (49-69) 281507
Paris (33-1) 4359873001 Stockholm (46-8) 6653297
Tokyo (81-3) 32392242 Sydney (61-2) 92679351



SPONSORED SECTION

SPONSORED SECTION

EGYPT

هكذا من الأصل

FOR TOURISTS SEEKING SUNSHINE IN WINTER

In addition to its cultural attractions, Egypt offers fine beaches and spectacular coral reefs.

Egypt has 15,000 kilometers (9,300 miles) of largely unspoiled sandy beaches and beautiful coral reefs that are practically on Europe's doorstep, and the country could become a sought-after destination for Europeans seeking the sun in winter.

Tourism is the country's second-largest earner of foreign exchange, after remittances from Egyptians living overseas, and the industry contributes more to the annual gross domestic product than revenues from oil and the Suez Canal. Tourism is a labor-intensive industry, and there is great potential for job creation.

Privatization under way
The force behind the sectoral restructuring of the economy was the government's 1993 liberalizing reforms, which led to portfolio and foreign direct investment, much of which went to the tourism industry.

Ambitious privatization plans are under way, with hundreds of hotels being sold all over the country — 36 in

the first few months of this year.

Coastal areas in Sinai and along the Red Sea have been earmarked for private sector development, and they have been a focus of direct foreign investment from Europe and the Gulf.

Incentives for investors
The government is offering very favorable incentives to private investors, including tax holidays and the sale of land that has been set aside for tourism purposes for as little as \$1 per square meter in new tourism areas.

Tourism is one of the most rapidly growing sectors of the economy. Growth can be seen in three statistical indicators: The number of tourist nights increased by 128 percent between 1983 and 1995; the number of hotels mushroomed from 300 in 1984 to 761 in 1996; and the number of tourists more than doubled, from 1.5 million in 1983 to 3.9 million in 1996.

Rapid growth in tourism
The top markets for Egypt in 1995 were Germany, Saudi

Arabia, Britain, Israel and Italy. By the end of the year, however, Scandinavia is likely to be added to the list as an important European market.

Egypt's oldest travel agency, state-owned Misr Travel, has signed a cooperation agreement with Sweden's Fridsresor Group, which has branches all over Scandinavia, to begin charter flights in October from Scandinavia to Egypt.

The agreement is expected to "raise the number of Scandinavian tourists to Egypt by 30 percent above last year's figures," says Mohamed Ahmed Hussein, chairman of Misr Travel.

Infrastructure targets
To reach the target of 6 million visitors by 2000, the country will not only have to build quality hotels and resorts, but it will also have to meet other infrastructural targets, says Mamdouh el-Beltagi, Egypt's minister of tourism. Roads, railways, airports and telecommunications infrastructure need to be built and upgraded, and

the tourism industry staffed by professional personnel.

The multibillion-dollar tourism industry will likely make an even greater contribution to the economy through diversification. Cultural tourism will no longer dominate the tourism sector since new projects on the west coast of the Red Sea and on the Sinai Peninsula are being developed to add beach and recreational holidays with a difference.

The two main areas for private sector development are along the coast from Ras Zeit to Mersa Alam on the Red Sea, and South of Sinai in the Gulf of Suez, St. Catherine Plateau and the Gulf of Aqaba.

New developments
The Sahl Hashish Bay project, south of Hurgada on the Red Sea coast, is being developed by the Egyptian Company for Tourist Resorts, whose backers are the local Misr Insurance, Al-Chary Insurance, Al-Ahliya Insurance and the National Bank of Egypt, which owns more than a fifth of the land.

In the next 10 to 15 years, the company plans to build 500 villas and six hotels.

The El-Gouna project on the Red Sea is in an area of beautiful coral reefs, 21 kilometers north of Hurgada. Several developments are envisaged. These include an airport, a golf course, the Abu Tig marina, a resort of 120 villas, several hotels and apartments. Early in the year, the World Bank agreed on a \$5 million equity investment and a \$20 million loan for infrastructural development at El-Gouna.

Super-luxury resorts
Ras Abu Soma, north of Safage, is due to open within a year; it is being developed by The Egyptian Finance Group, with contributions from the International Finance Corporation, the private sector arm of the World Bank, and Saudi Arabian and Egyptian investors. Robinson Hotels of Germany and Sheraton Corporation will manage two of the hotels in this super-luxury resort with golf course, marina, shops and casino. Facilities

such as water and wastewater treatment and electricity will come out of a \$130 million World Bank tourism development loan.

Conrad International Hotels will be opening a new 351-room hotel in Ras Nusrani Bay at Sharm El-Sheikh in the summer. Conrad International Hotel's initial project was assuming management of the Conrad International Hurgada Resort, located 10 minutes from the airport. Conrad International Cairo is due to open in the winter of 1998. Besides 670 deluxe rooms and suites, the hotel will offer "extensive meeting and banqueting facilities and the biggest casino in Cairo," says a company spokesperson.

The Red Sea Riviera has a string of Egyptian-Israeli jointly owned developments and a large project at the Egyptian resort at Taba, the port of Aqaba in Jordan and the Israeli resort of Eilat. The Egyptian development will involve tourist villages and hotels, golf courses and marinas between Taba and Ras Mohammed. •



Mystery and splendor: Egypt has long been a favorite destination for international travelers.

BANKING INDUSTRY HAS COME A LONG WAY

Deregulation and greater competition are transforming the industry.

This year, as part of its privatization program, the government will begin selling four public-sector banks.

It is not yet clear which bank will be the first candidate. Of the country's 81 banks, 28 are commercial, including the four dominant public-sector banks. These are the Bank of Alexandria, Banque Misr, Banque du Cairo and the National Bank of Egypt, which together hold more than half of all deposits and assets.

The other 24 commercial banks are joint venture concerns or in private sector hands. The five largest are Commercial International Bank, MIBank, Egyptian American Bank, Suez Canal

Bank and Misr Exterior Bank.

Some of these are majority owned by giant public sector parent companies; MIBank, for instance, is majority owned by Banque Misr, and these shares are soon to be sold on the stock exchange. The government will gradually whittle down public sector interest in domestic banks.

Before 1991, the banking sector in Egypt was regulated through the central bank, which set interest rates and decided what charges should be imposed on transactions and commission fees. Fierce competition after deregulation led to slashing of interest rates, and competition was further increased when foreign banks became entitled to deal in

Egyptian currency. Confidence is now increasing, and some banks have begun showing good profits. The National Bank of Egypt, which celebrates its 100th anniversary next year, has been one of the most innovative players in this field.

Deregulation opened up many investment possibilities in the banking sector. Banks are becoming far more business-oriented and are now competing with financial service providers.

The Commercial International Investment Company was formed in 1994 as the investment wing of the Egyptian American Bank. CIIC and EFG-Hermes are out front in investment banking, but the Egyptian financial market is

seeing growth in all types of investment activity.

In addition to fund-management companies, investment banks and corporate finance houses, there are several offshore investment funds, more than 15 mutual funds and around 85 brokers.

One analyst expresses unease with the proliferation of small brokerage companies, as mistakes are likely to be costly in terms of investors' trust. "In the United States, there are just a few companies with branches all over the country," she says.

The Egyptian Stock Exchange has attracted more than a million investors, most of them in the past year, nearly a

third of whom are foreign. The market, which is capitalized at more than \$20 billion, is possibly the largest in the region and the second largest in Africa, after South Africa.

The country's bourse has come a very long way. "When Egypt began to attract direct foreign investment, not only were there price controls, exchange controls, no investment laws, no business laws, but also there was no mechanism for raising funds," explains Sherine Farrag, investment manager at Gulf Arab Investment Company.

"As a result of the legal and foreign exchange environment and because of poor funding, many companies went belly up. Raising equity is more challenging, but it is cheaper than debt."

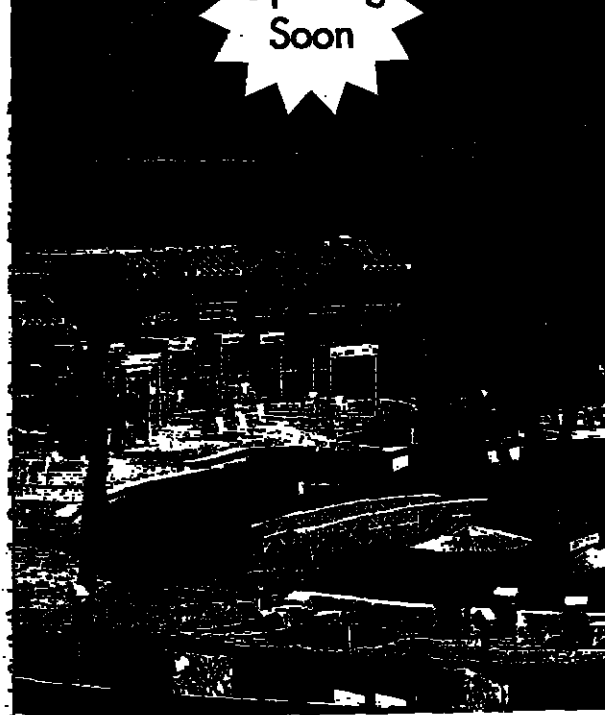
Traditionally involved in greenfield projects, GAIC is employing its financial resources expertise in the Egyptian stock market and recently launched a mutual fund.

There may still be huge bureaucratic hurdles, including a lack of information technology and skilled personnel, within this transitional phase of the capital market, but there is growing flexibility. According to Ahmed Fandi, general manager of GAIC, people used to "think 10 times before committing funds to Egypt because they couldn't get out when they wanted, and they couldn't unload unless a buyer was found for the company." It is now possible to sell a company piecemeal on the stock market, bringing investors a great deal more flexibility and therefore security.

The country's investment climate is becoming increasingly attractive for direct investors. "If I make an investment today," says Mr. Farrag, "and I only want to commit for three years, I can look at capital gains that will be attractive to my shareholders. That's a nice change from the past." •

World-Class service
in a striking
seaside setting.

Opening
Soon



Conrad International Sharm El Sheikh Resort

welcomes you to Sinai,
a panorama of sea,
mountains, desert and history.



Resort, Sharm El Sheikh, South Sinai, Egypt.
Conrad Office, 33 American Street, Dokki, Giza, Egypt.
Tel: 3366441/2/3 Fax: 3483101.

NOVARTIS
new skills in the science of life

NOVARTIS group is now formed
from the merger of

▲ SANDOZ dcb

Novartis aims to become
a global leader in life sciences:
**Health care, Agribusiness
and Nutrition**

Novartis Egypt, presided by Dr. Samir Sabet
provides for the welfare of the Egyptian
Community with its high quality, innovative
products and services as:

Healthcare

Novartis Pharma S.A.E.
Managing Director
Dr. S. Sabet

Novartis Consumer Health
Sector Head
Dr. Kamal Victor

BIOCHEMIE
Head
Dr. Hussein El-Sheshtawy

CIBA GENERICS
Head
Dr. Adel Younan

Ciba Vision
Head
Dr. Salwa Eid

Agribusiness

Novartis Agro Egypt S.A.E.

Crop Protection
Sector Head
Mr. Beat Adler

Animal Health
Sector Head
Mr. Sarwat Abdel Mawgoud

Nutrition

Gerber
Head
Dr. Youmma El-Sheredy

أباتشي

We're the largest independent oil and
gas company operating in Egypt and,
with contractor interests in 111,000
square kilometers, the largest leaseholder
in the country. We participated in the
biggest oil discovery in the Western
Desert, Qarun's 11,957-barrel-per-day
El Sagha #3.

We increased our stake in Egypt by
merging with The Phoenix Resource
Companies last year and acquiring
three blocks from Mobil Corporation in
January 1997.

Between 1996 and 1999, we plan to
invest \$1 billion in Egypt—in fast-track
exploration and development, 2-D
and 3-D seismic, production facilities,
pipelines and other infrastructure
designed to help the economy
grow and prosper.

We're Apache Corporation,
proud partners with the Egyptian
General Petroleum Corporation.

Apache Egypt Companies
Kevin Ikel, General Manager
11, Street 281
P.O. Box 672 Maadi
New Maadi, Cairo, Egypt

Tels # 3520504 / 3520905
Fax # 3528117

Apache
CORPORATION

MISR TRAVEL

YOUR GUIDE IN EGYPT
Since 1934

Remember Egypt.
You won't have to worry any
longer about your trip to Egypt.
• We provide all your travelling
needs for
business or leisure...
conferences...

romance and relaxing
• Nile cruises (floating hotels)
• Packages to explore Upper
Egypt
• Floating restaurants (Onyx,
Topaz, Opal & turquoise)
• Professional multilingual guides
• Comfortable
accommodations
• Complete travel reservations
• 500 plush touring vehicles
• Groups or individuals
• Sight seeing in Cairo
• Diving trips at Magawish, a
resort on the Red Sea
• Furnished flats in Cairo and
Alexandria

And we say more?

HEAD OFFICE

1, Talaat Harb, P.O. Box 1000 Cairo, Egypt.

Tel: 3930010/0077 Fax: 3924440

Tel: 20771 or 22777 UN

OVERSEAS OFFICES FAX NOS.

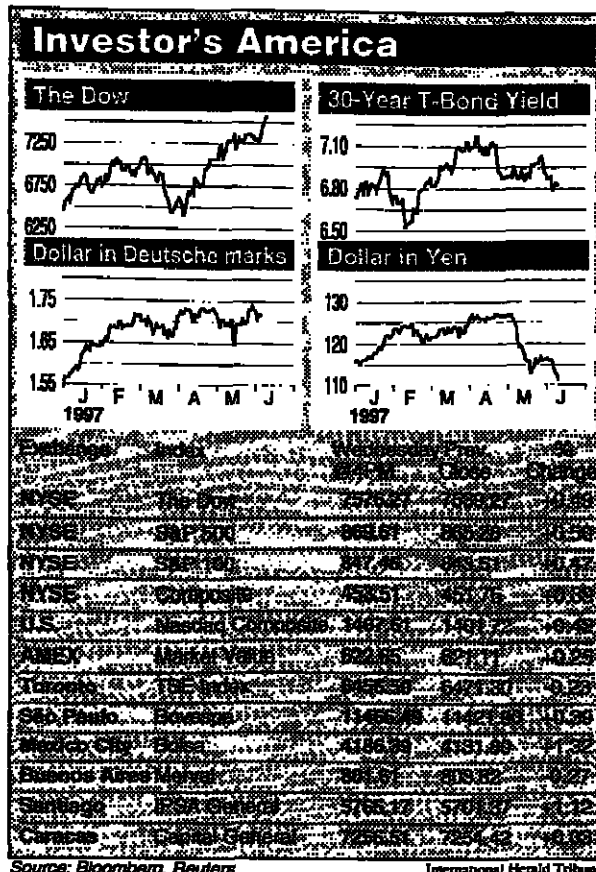
(212) 2478142 Rome (39-6) 4880522

(44-1) 2551089 Frankfurt (49-69) 281507

(33-1) 4359873901 Stockholm (46-8) 6653297

(81-3) 32392242 Sydney (61-2) 92679351

THE AMERICAS



Very briefly:

Inco Sells Subsidiary to Blackstone

TORONTO (Bloomberg) — Inco Ltd., a mining company, said Wednesday it had agreed to sell its Alloys International unit to Blackstone Group LP for about \$410 million.

Inco Alloys International makes nickel and other alloys that are used in the aerospace, chemical-processing, power-generation, pollution-control and oil and gas industries.

Blackstone Group, a New York-based investment firm, said it planned to combine the operations of the Inco unit with those of Haynes International Inc., an Indiana-based producer of nickel and other alloys, in which it has an 80 percent stake.

Nunam Soars on Takeover Offer

DALLAS (Combined Dispatches) — Shares in Nunam Corp. soared Wednesday after Halliburton Co. offered late Tuesday to buy the company, which makes a sophisticated test to evaluate oil wells, for about \$355 million in stock.

Halliburton is an oil-field services and construction company that has been investing in technology to bolster its oil drilling and well-evaluation business. Nunam makes a magnetic-resonance imaging device to evaluate rock formations below the surface in newly drilled oil and gas wells. Nunam stock rose \$16.1875 to close at \$36.9375. Halliburton's shares slipped \$1.75 to end at \$79.125.

Procter & Gamble Co., Kraft Foods Inc., Quaker Oats Co. and Schreiber Foods Inc. are suing to recover money they allegedly lost when Archer Daniels Midland Co. and other citric-acid makers conspired to fix prices. ADM admitted in October to fixing prices for citric acid and lysine and agreed to pay a record \$100 million criminal fine.

Lennar Corp. will buy a rival home-builder, Pacific GreyStone Corp., for about \$450 million, or \$30 a share, expanding its presence in the California market.

French Bank Wins on MGM

By Geraldine Fabrikant
New York Times Service

NEW YORK — Giancarlo Parretti, the Italian financier who bought the MGM movie studio and then was accused of nearly driving it into financial ruin, has been ordered to pay \$1.48 billion to Credit Lyonnais, the French bank that helped finance the acquisition.

California Superior Court in Los Angeles entered a final judgment Tuesday in favor of Credit Lyonnais holding company that had effectively controlled the troubled movie studio, which since then has been bought by an group that includes Kirk Kerkorian.

But for Credit Lyonnais it may well be a pyrrhic victory, because Mr. Parretti fled the United States for Italy last January before he could be sentenced after a con-

viction on charges of perjury and tampering with evidence in a related case in a Delaware court.

In November 1990, Mr. Parretti bought MGM for \$1.3 billion, some of it raised by Credit Lyonnais. Within months, trade creditors had gone to court complaining that they were not getting paid.

Credit Lyonnais stepped in and worked out a plan to avoid a bankruptcy if Mr. Parretti agreed to step aside from management.

Later, the bank removed Mr. Parretti from the board, and in 1991 it went to Chancery Court in Delaware, suing to validate its action in removing him. The court ruled in favor of Credit Lyonnais.

Last October, Mr. Parretti was convicted in a Delaware court of perjury and tampering with evidence in the 1991 Chancery Court trial. But before he could be sen-

tenced, he fled the country. In a separate case in a federal court in Los Angeles, Mr. Parretti was trying to avoid extradition to France to face charges in that country that he had looted MGM's French assets.

Trying to avoid extradition, Mr. Parretti had posted bail in California. One condition stipulated that if he jumped bail, he could be ruled in default in yet a third legal action, a civil case in California.

In a third case, all Mr. Parretti's claims against the bank in the civil case were dismissed because he was not in the country.

On Tuesday, the judge in the bank's civil case entered a judgment in favor of Credit Lyonnais because of the stipulation for bail and the fact that Mr. Parretti was now a fugitive. The judge said that he had to pay \$1.1 billion along with interest of \$376 million.

Sallie Mae Chief Offers to Resign

Bloomberg News

WASHINGTON — The Student Loan Marketing Association, or Sallie Mae, said Wednesday that its chief executive, Lawrence Hough, would resign in a bid to stop a group of dissident board members from taking control of the education-finance company.

Mr. Hough's resignation will take effect after shareholders vote in July or August on competing plans — one put forward by the management and the other by the dissidents — to

cast off Sallie Mae's government charter and turn the company into a fully private corporation.

The announcement comes after two years of battle between the board majority and dissident directors. Neither group won the needed majority of shareholder votes in recent ballots to decide who would control the 25-year-old government-sponsored enterprise after reorganization.

If management wins, Mr. Hough, 53, will continue as interim chief

executive until the board finds a replacement.

Sallie Mae also plans to nominate 10 directors to the 15-member board of the reorganized company, leaving five seats for dissident members.

Shares in Sallie Mae rose \$6.125 to close at \$126.375 amid optimism that both groups will go on running Sallie Mae a combination that has helped triple the company's share price in the past two years, said Thomas O'Donnell, an analyst with Smith Barney Inc.

YEN: U.S. Officials Issue Warnings as Japan Posts Another Big Trade Surplus

Continued from Page 1

April, its seventh rise in a row.

Charlene Barshefsky, the U.S. trade representative, also expressed concern about what she called "disturbing" trends in Japan's trade balance.

Talking to U.S. lawmakers in Washington on Tuesday, she said, "We have communicated to Japan we do not expect to see any significant increase in the current account surplus as Japan begins to deregulate its economy."

Currency traders took Mr. Summers' remarks to mean Tokyo and Washington could soon be headed for a new trade dispute. In response, they sold dollars aggressively and bought yen, sending the dollar as

low as 110.65 yen in Tokyo, its lowest level in nearly seven months.

The dollar recovered most of the day's losses against the yen after Japan's "Mr. Yen," the influential Finance Ministry official Eisuke Sakakibara, greeted the yen's latest rise by restating Tokyo's dislike of sharp currency swings.

"Both an excessively weak yen and an excessively strong yen are undesirable," Jiji news agency quoted Mr. Sakakibara as saying. Nevertheless, traders were left wondering whether the United States planned to tackle Japan's perennial trade surplus by devaluing the dollar against the yen.

In the past, Washington has done precisely that to rein in Japan's trade

surplus because it makes Japanese exports more expensive in the United States and undermines their competitiveness.

In recent months, Robert Rubin, the U.S. Treasury secretary, has repeatedly said that a strong dollar is in the United States' interest because it helps keep inflation at bay. But amid few signs of inflation in the United States, some economists in Tokyo fear Washington could abandon that policy.

The dollar, which reached a nearly five-year high of 127 yen on May 1, has fallen by more than 10 percent in the last six weeks.

Some economists in Tokyo say they fear that Washington could try to push the dollar lower still against the yen when the leaders of the

Industry Leaders Lift Shares Across Board

Bloomberg News

NEW YORK — Stocks rose for the fifth day in a row Wednesday as investors decided that demand for shares of market-leading companies would grow as prospects for corporate earnings brightened.

Shares of blue chips in various industries rose amid a favorable backdrop of meager inflation and stable interest rates. Merck rose 1 1/2 to 95 1/2, and Johnson & Johnson climbed 2 to 63 1/2.

"If corporate profits continue to expand at above average rates and inflation stays low, all systems are go," said Charles Henderson, chief investment officer at Chicago Trust Co. "There's no reason the market won't continue going up unless there's a recession, and there's no sign of one."

The Dow Jones industrial average closed 36.56 points higher at a record 7,575.83 as advancing issues outnumbered declining ones on the New York Stock Exchange.

The Standard & Poor's 500 index rose 4.30 points, to 869.57.

Among Dow components, Caterpillar shares rose 1/4 to 103 1/4 after the farm- and construction-equipment company said it would raise its dividend by 10 cents, to 50 cents a share, and split its stock 2-for-1.

But Eastman Kodak stock fell 4 1/4 to 79 1/4 amid concern that losses from its Advanced Photo Systems cameras could hurt profit.

Shares in Boeing fell 1/4 to 56 1/4 after executives from the company and its rival, Airbus Industrie, were summoned to Brussels by the European Commission for interviews to

help determine whether Boeing's acquisition of McDonnell Douglas violates EU antitrust regulations.

Financial issues rose as bond yields hovering near three-month lows improved the outlook for companies' second-quarter profits. Merrill Lynch climbed 2 1/4 to 58 1/2.

The price of the benchmark 10-year Treasury bond rose 5/32 to 153/32, pulling the yield down to 6.82 percent from 6.84 percent.

Computer-related shares, mean-

while, dropped partly on concern that orders for computers, semiconductors and software would slump during the summer months. Compag fell 3/4 to 99 1/4, and Cisco Systems lost 1 1/2 to 63 1/2.

The Nasdaq composite index, which contains many computer-related shares, rose 6.16 points, to 1,407.85.

"This is the time of the year where you tend to see some weakness in technology stocks," said James Soloway, co-president of Argus Research Corp. "What's exacerbating the situation this time around are the signs that there is some slowdown in demand and Europe continues to be a major problem."

Stocks in chipmakers and manufacturers of semiconductor-making equipment are still suffering from Intel's announcement on May 30 that second-quarter results would fall below expectations. Intel has dropped 15 percent in the past two weeks.

"Intel's warning is lodged in the back of everyone's mind," said George Jennison, managing director of Nasdaq stock trading at Wheat First Butcher Singer. "The weakness in tech stocks probably worries me more than anything."

Still, the Dow has risen more than 1,000 points since the middle of April, fueled by a deluge of new money that flowed into mutual funds.

In the first quarter, net inflows to stock funds totaled \$57.75 billion. To get the money invested as quickly as possible, stock-fund managers are sinking the cash into companies with a plentiful supply of shares outstanding.

"Managers want to own stocks they can buy without the price shooting up or that would be easy to sell if the market started going the other way," said Robert Brody, manager of the American Growth Fund.

Dollar Steady in Europe

The dollar was little changed in European trading with traders reluctant to establish positions because of uncertainty over European monetary union even though France and Germany appeared to make progress toward burying their differences, Bloomberg News reported from New York.

At 4 P.M., the dollar stood at 1.7161 Deutsche marks, off slightly from 1.7185 DM the day before, and 1.4385 Swiss francs, off from 1.4410 francs. The currency also was quoted at 5.8049 French francs, off from 5.8065 francs. The pound closed at \$1.6380, down from \$1.6385.

AMEX

Wednesday's 4 P.M. Close

The top 300 most active shares up to the closing on Wall Street.
The Associated Press.

Stock	Sales	High	Low	Change
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27 1/2	27 1/2	0
ABC	21	27		

هكذا من الأصل

Flight	Gate	Arriving From	Time	Remarks	Flight
1305	K8				
583	G7				
519	K9				
1013	K3				
305	K11				
434	K12				
2880	G12				
617	G3				
1413	H5				
171	G18				
444	K7				
525	H2				
178	H8				
1307	G13				

THE FINANCIAL SERVICES FIRM OF THE NEXT CENTURY JUST ARRIVED A FEW YEARS AHEAD OF SCHEDULE.

Current Time 9:14A

Arrivals

It is more than the world's preeminent financial services firm.

It is a vision of the future.

A future where all your financial needs will be met.

Where you will have the best minds in the business working for you.

And the most resources to draw upon.

It is a vision of a future where change will be embraced.

Where knowledge will be revered. Where uncertainty will become the very basis of opportunity.

Introducing a financial services firm with the global strength to make that vision a reality. Not a few years from now. Today.

Today, vision has a name.

MORGAN STANLEY, DEAN WITTER, DISCOVER & CO.

ASIA/PACIFIC

Selling Creativity in Asia

London's BBH Tries to Transplant Its Technique

By Daniel Tilles
Special to the Herald Tribune

Bartle Bogle Hegarty's new Singapore office inside a renovated shophouse, or family store, is a long way from the advertising agency's London headquarters in funky Soho — both geographically and culturally.

But that doesn't matter to John Bartle, Nigel Bogle or John Hegarty.

As different as the Asian and European advertising environments may be, as small as BBH is compared with multibillion-dollar agencies operating in the region such as J. Walter Thompson or McCann-Erickson, the three founders could not resist the "enormous growth potential in Asia-Pacific for the sort of brands we're associated with," Nigel Bogle, the agency's co-chief executive, said from London.

BBH, a medium-sized agency with about \$366 million in annual billings, has built its European reputation on a simple yet unusual premise: that a single office can create ground-breaking advertising for multinational marketers across an entire region.

The 15-year-old BBH office in London has produced award-winning ads for clients that include Levi Strauss & Co., Polaroid Corp., Whitbread PLC and Grand Metropolitan PLC's Haagen-Dazs ice cream brand.

The key question for BBH — and for the hundreds of Western businesses trying to make it in the region — is whether a European formula can win in Asia.

BBH Asia-Pacific began operations in October. Since then, the company has generated \$26 million in billings, and it is shooting for

\$35 million by the end of its first year. Most other agencies with blue-chip client rosters prefer market-by-market local service, with offices spread out over a region to tailor ads to tastes of consumers in individual countries. But with its history of lengthy agency-brand relationships, BBH has found a way to make its modus operandi work.

"We talk almost exclusively with corporations who want a consistent image everywhere, even if it's on a market-by-market basis," Mr. Bogle said. "Certain products are desired for being the same thing everywhere — brands which don't have a different image because people don't want the image to be different."

BBH decided the same technique would work in Asia, even though few marketers in the region know the company's stellar curriculum vitae back in the West.

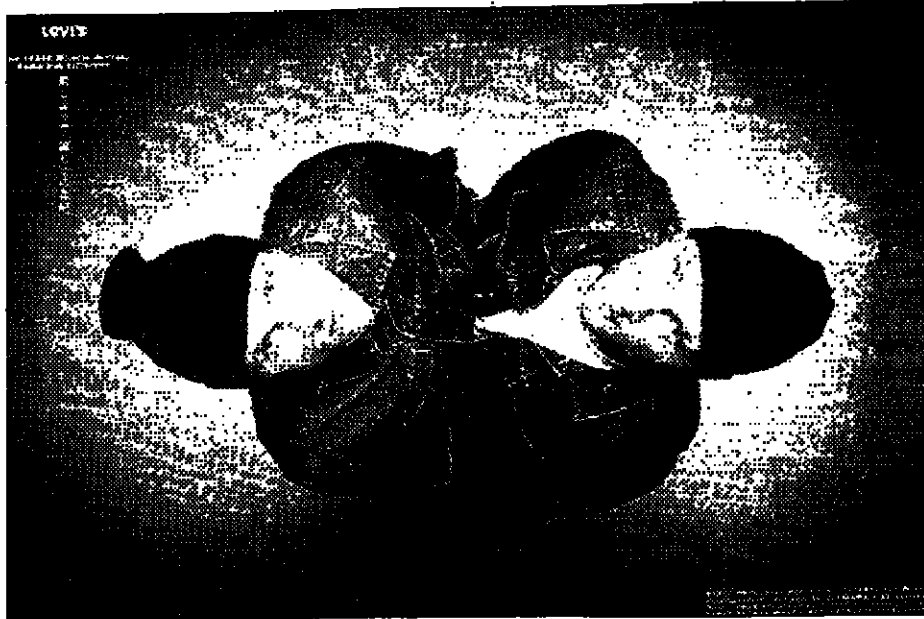
"Despite our reputation in Europe and in the advertising market, BBH has no awareness within the Asian client community," said Simon Sherwood, chief executive of BBH Asia-Pacific.

BBH Asia-Pacific has started work in the region for Levi Strauss and Polaroid and is seeking other clients.

Mr. Sherwood acknowledged that selling quality creative work in the region was not easy.

"From a consumer point of view, there's no obstacle to running great work," he said. "The bigger challenge comes from getting clients to take chances, as this is a very 'safe' society."

Leslie Burt, publisher of Asian Advertising and Marketing, a trade publication, said that



One of Bartle Bogle Hegarty's creative efforts for a Levi Strauss campaign in Japan.

with work such as a new campaign for Levi's introduced in Japan, "they are already creating waves." She added: "I think they are moving quite aggressively in establishing themselves. People at other agencies are noticing them."

Clients agreed. "They don't remind me of a start-up," one said. "It's like they've been here for years. They're very professional."

Still, BBH executives admit to being less fluent in the differences among countries and cultures in Asia. Kiki Rizki, marketing executive for Levi's Indonesia, said it would take time for BBH's European advertising sensibilities to catch on in some parts of Asia.

"I think the creative premium is different in Asia than in Europe," she said. "Different markets are at very different points of development."

"Some of the great creative work they've done is not suitable for the Indonesian market," she said. "It's done in English, and Indonesia does not have the same English fluency. Japan is more sophisticated, so it's easier to run work there than here. They need to do a lot more learning."

Criticism notwithstanding, Mr. Sherwood said BBH's fundamental strategy of producing regionwide advertising for brands would remain the basis for the agency's development. "We care very much about our creative reputation in Asia," he said.

"We can't have two different standards and keep our reputation. We are determined to maintain our positioning and not change to suit the market. Great brands change the market to suit them."

Investor's Asia

Hong Kong Hang Seng	Singapore Straits Times	Tokyo Nikkei 225
17000	2250	22000
16000	2200	21000
15000	2150	20000
14000	2100	19000
13000	2050	18000
12000	2000	17000
J F M A M J	J F M A M J	J F M A M J
1997	1997	1997
Exchange	Index	Wednesday Close
Hong Kong	14,421.52	14,439.71
Singapore	2,014.78	2,014.78
Tokyo	20,532.55	20,532.55
London	1,110.88	1,110.88
Frankfurt	527.22	527.22
Stock Market Index	6,267.80	6,392.99
Commodity Index	765.79	769.83
Stock Market Index	6,267.80	6,392.99
Commodity Index	765.79	769.83
Stock Market Index	6,267.80	6,392.99
Commodity Index	765.79	769.83
Stock Market Index	6,267.80	6,392.99
Commodity Index	765.79	769.83
Stock Market Index	6,267.80	6,392.99
Commodity Index	765.79	769.83

Very briefly:

• Australia's share of Japan's investment abroad has fallen by nearly half since 1989 amid concern over low profits, high production costs and rising concern about aboriginal land rights, the Australian Foreign Affairs Department said. A report by the department said Australia's share of Japan's direct foreign investment was 3.3 percent in the first half of 1996, compared with 6 percent in 1989.

• Dai-ichi Kangyo Bank was raided again by prosecutors a day after four executives were arrested for their alleged role in a widening loan scandal.

• South Korea's government denied any involvement in an alleged plot by Samsung Group to force mergers and acquisitions in the auto industry.

• Singapore Telecommunications Ltd., faced with increasing competition at home, is looking to buy stakes in telecommunications companies in Thailand and Indonesia. But the company said it would not confirm or deny a report in the Straits Times newspaper that named PT Telekomunikasi Indonesia and four Thai companies as likely candidates.

• Seoul Bank's head, Chang Man Hwa, resigned over loans to the failed Hanbo Group.

GM Sets Up Asian Hub in Australia

MELBOURNE — The Australian arm of General Motors Corp. launched an export drive Wednesday that would make Australia its engineering center for the Asia-Pacific region.

The unit, General Motors-Holden's Automotive, completed an engineering and design sourcing arrangement that it said it expected to generate an extra 100 million Australian dollars (\$76 million) in annual exports to Asia.

Under the arrangement, the company will employ 200 additional automotive engineers in a new product engineering center for the Asia-Pacific region, redesigning and modifying cars for the world's fastest-growing market.

Hong Kong Vows Freedom for Film

Agence France-Press

HONG KONG — Hong Kong opened its first international film festival aimed at consolidating its position in Southeast Asia as a government official pledged Wednesday that the authorities would not meddle with filmmakers after the July handover.

"We are determined to keep government intervention to the minimum while providing the maximum level of support," said Chau Tak-hay, secretary for broadcasting, culture and sport.

He added that the government was "fully aware of the dangers of bureaucratic interference, which can frustrate initiatives by the private sector and hinder business decisions."

The three-day fair, Filmart, has drawn 300 prospective buyers.

Tightened Currency Controls Hit Thai Stocks

Compiled by our staff from Dispatches

BANGKOK — Stock prices fell Wednesday for the seventh time in eight sessions, after the Bank of Thailand tightened currency restrictions by barring foreign investors from taking proceeds out of the country in the local currency, the baht.

The move, aimed at defending the baht, raised concern that big borrowers such as banks will face rising loan costs because foreign capital will be less likely to flow into Thailand. That could prompt greater demand for domestic capital and keep interest rates high, analysts and traders said.

The Stock Exchange of Thailand index fell 5.82 points, or 1 percent, to 521.40, its lowest close since May 12, 1996. The index has fallen 37 percent so far this year.

Nevertheless, J. Mark Mobius, president of the Templeton Emerg-

ing Markets Fund, said he planned to invest his own money in a new Templeton fund targeted at Thailand, the world's worst-performing market this year. With the stock index at an eight-year low, "some excellent bargains are beginning to emerge,"

he said. Thai stocks now trade at an average price/earnings ratio of 8.5, down from 13 a year ago.

Finance Minister Amnuay Viravan said the currency restrictions were only temporary and that speculation on the baht was expected

Japan Updates Economic Practices

The Associated Press

TOKYO — Parliament modernized two major Japanese economic practices Wednesday, giving the central bank more independence and removing a ban on holding companies.

The Bank of Japan will gain more independence on monetary policy starting next April, in the first revision of the law governing the central bank since 1942. Japan's 50-year-old ban on holding companies came to an end with passage of an amended Anti-Monopoly Law that will allow the creation of companies that exist merely to hold shares in other companies.

The measures are part of a plan under which Prime Minister Ryutaro Hashimoto's government seeks a wholesale restructuring of Japan's administrative apparatus and financial system by 2001.

to ease within a month after temporary defensive moves by the central bank. But foreign analysts expressed skepticism. "In addition to economic and corporate risks," one analyst said, "we now have this currency uncertainty, which will further make it not worth the risk to invest here."

The new controls are part of the central bank's effort to safeguard the currency by making it expensive for investors to bet against the baht. The government said foreigners now must bring foreign currency into Thailand to buy local assets and convert the proceeds into foreign currencies inside Thailand when they sell. Many analysts said they doubted Thai stocks would recover soon, as second-tier banks continue to suffer from the effects of loans made to failing property companies.

(Bloomberg, Reuters, AFP)

Care for a Shot of Soju?

Domestic Sales Make South Korean Liquor No. 1

Bloomberg News

SEOUL — Move over, Bacardi: The world's best-selling liquor is soju, a sweet potato grog made famous by a nearly bankrupt company in Seoul.

Jinro Ltd. sold more than 500 million bottles of the stuff last year, beating out all other brands thanks to its huge domestic sales, according to SpiritScan International, an American beverage-industry magazine.

Aside from the obvious — South Koreans can evidently hold their liquor — the ranking also shows how hard it can be for foreign drinks to quench local thirsts because of a combination of high import taxes and traditional tastes.

Now, the South Koreans want to export their success.

Jinro has an added incentive to succeed. In April its parent group was hit by creditors from \$3 billion of debt run up by some of its other businesses, in construction and foods.

Soju drinkers such as

Hwang Chang Sok, a managing director at a venture capital company, are willing to raise a glass or three to help out an old friend.

"When my colleagues get together, we are more likely now to drink Jinro because we feel sympathetic to the ailing company," Mr. Hwang said between sips of his favorite drink. "Jinro is a legend, the soul of Korea."

It is also an acquired taste. Distilled from sweet potatoes, tapioca or rice, soju is 24 percent alcohol, just over half the strength of Bacardi rum, which Jinro knocked off the top spot in terms of bottle sales last year. Jinro has been making soju for 73 years.

Soju's success here is the flip side of a stuttering economy. With the economy growing at its slowest pace in four years, consumers are seeking refuge in the cheapest glasses.

A bottle of Jinro, which holds about eight shots, costs just 600 won (70 cents), half the price of a beer. But the

price is ready to rise. The state-owned Yonhap news agency reported Wednesday that the government planned to almost double taxes on soju, to 62.5 percent, in response to complaints from the United States and the European Union. Imported whiskey carries a 100 percent tax. Rather than lower the whiskey tax, Seoul will raise the soju tax in an effort to discourage heavy drinking.

South Koreans can drink with the best of them. The 10 Korean soju makers, including Jinro, Doosan Kyungweol, Bohae and Kumhoju, sold 12.1 million cases in the first two months of this year, up 3 percent from a year earlier. That represents almost eight bottles for each South Korean.

In the same period, Korea's three big brewers — OB Brewery Co., Chosun Brewery Co. and Jinro Coors Brewing Co. — sold 23.5 million cases of beer, down 3.3 percent from a year earlier, and whiskey sales dropped 10 percent.



Hotel Inter-Continental Singapore

You're always in the heart of the city and at the soul of the culture.

One World. One Hotel.

Uniquely Inter-Continental.



INTER-CONTINENTAL

HOTELS AND RESORTS

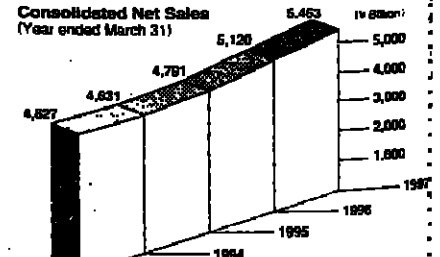
www.interconti.com

هنا من الأناضول

ASIA PACIFIC
BALI
BANGKOK
BEIJING
CHENGDU
COLOMBO
JAKARTA
KUALA LUMPUR
MANILA
NEW DELHI
PRAHA
RANGOON
SEATTLE
SINGAPORE
STOCKHOLM
TOKYO
YOKOHAMA
EUROPE
AMSTERDAM
ATHENS
BARCELONA
BERLIN
BRATISLAVA
BUENOS AIRES
BUDAPEST
CHICAGO
COPENHAGEN
DUBLIN
EDINBURGH
FRANKFURT
GENOVA
HAMBURG
HANOI
HONG KONG
ISTANBUL
LEIPZIG
LONDON
LUXEMBOURG
MADRID
MILAN
MOSCOW
MUNICH
NEW YORK
PARIS
PRAGUE
STUTTGART
TOKYO
VIENNA
WARSAW
ZURICH
AMERICAS
BOGOTA
BUENOS AIRES
CALI
CARACAS
CHICAGO
CIUDAD GUAYANA
COLOMBIA
GUATEMALA
LIMA
LOS ANGELES
MANAGUA
MARACAYBO
MEXICO CITY
MIAMI
MONTEVIDEO
NEW ORLEANS
NEW YORK
PUNTA VALLARTA
RIO DE JANEIRO
RIO NEGRO
SAN FRANCISCO
SAN JOSE
SAO PAULO
TORONTO
VALPARAISO
WASHINGTON, D.C.
MIDDLE EAST
ABU DHABI
AL AN
AMMAN
BAHRAIN
BEIRUT
CAIRO
DUBAI
HONG KONG
JERUSALEM
JORDAN
KUALA LUMPUR
LONDON
LOS ANGELES
MANAGUA
MARACAYBO
MEXICO CITY
MIAMI
MONTEVIDEO
NEW ORLEANS
NEW YORK
PUNTA VALLARTA
RIO DE JANEIRO
RIO NEGRO
SAN FRANCISCO
SAN JOSE
SAO PAULO
TORONTO
VALPARAISO
WASHINGTON, D.C.
MIDDLE EAST
ABU DHABI
AL AN
AMMAN
BAHRAIN
BEIRUT
CAIRO
DUBAI
HONG KONG
JERUSALEM
JORDAN
KUALA LUMPUR
LONDON
LOS ANGELES
MANAGUA
MARACAYBO
MEXICO CITY
MIAMI
MONTEVIDEO
NEW ORLEANS
NEW YORK
PUNTA VALLARTA
RIO DE JANEIRO
RIO NEGRO
SAN FRANCISCO
SAN JOSE
SAO PAULO
TORONTO
VALPARAISO
WASHINGTON, D.C.

CONSOLIDATED ANNUAL REPORT

Statement of Income	(For the period April 1, 1996 to March 31, 1997) in Millions of Yen
Net sales	5,453,397
Cost of sales	3,900,022
Income before income taxes and minority interests	1,256,456
Income taxes	71,593
Net income	87,077
Net income per share	20.06 (in Yen)



Balance Sheet

Assets	Liabilities and Shareholders' Equity
Cash and cash equivalents	580,420
Notes and accounts receivable, trade	1,410,065
Inventories	1,088,154
Other current assets	404,011
Property, plant and equipment	1,425,299
Other assets	921,338
Total assets	5,809,285
Short-term borrowings and current portion of long-term debt	1,235,761
Notes and accounts payable, trade	1,029,974
Other current liabilities	1,069,219
Long-term liabilities	1,138,863
Minority interests	69,670
Shareholders' equity	1,264,778
Total liabilities and shareholders' equity	5,809,285

In Touch with Tomorrow
TOSHIBA

SPORTS

هَذَا من الأصل

'Disbelieving' Brown Throws a No-Hitter

Florida Marlin Is Nearly Perfect As He Shuts Down San Francisco

The Associated Press
SAN FRANCISCO — Kevin Brown watched his pitch fly past the Giants' outfielder Darryl Hamilton and, for just a moment, he was confused.
The Florida Marlin right-hander had thrown a nearly perfect game against the San Francisco Giants, the first no-hitter in the major leagues this season.
"I was trying to figure out how to act," he said about his instant of uncertainty after striking out Hamilton for the final out of the game.
His second thought?
"It was disbelief. I guess I still don't realize what it's all about," he said.
"Part of me wanted to run."
Instead, Brown raised his arms to the sky and leapt into the arms of his teammates.

NL ROUNDUP

The Marlins came away with a 9-0 victory Tuesday, but the actual score hardly seemed to matter.

"If there was ever a no-hitter where a guy had practically 100 percent unhittable stuff, that was today," said Jim Leyland, the Marlins manager.

Brown (6-4) was so good he almost became the 15th pitcher in major league history to throw a perfect game. With two outs in the eighth, his 1-2 fastball hit Marvin Benard, who became San Francisco's only baserunner.

Brown's counterpart with the Giants, William VanLandingham, also had a no-hitter going until the seventh inning, when Charles Johnson's two-run homer sparked a seven-run rally.

"It wasn't that bad of a pitch," the dejected Giants pitcher said.

On VanLandingham's first pitch to him, Johnson hit a foul pop to shallow right that the first baseman, J.T. Snow, dropped for an error. After two balls and three pickoff attempts, the catcher hit his fifth homer of the season, giving Florida a 3-0 lead.

Johnson also was on the receiving end of Al Leiter's no-hitter on May 11, 1996, Florida's first.

"It's already my second one and I've only been in the league for three years," Johnson said. "A lot of guys don't get a chance to do that. It's awesome, a good feeling to catch a no-hitter."

Brown, who led the major leagues with a 1.89 ERA last season, had not won since throwing a complete game May 25 at San Diego. In his last start on June 5, he allowed 12 hits in seven innings in a 6-0 loss to the New York Mets.

He threw 99 pitches, 68 for strikes, and struck out seven Giants on his way into the history books. Even the San Francisco manager, Dusty Baker, was in awe. "This is the first no-hitter I've seen in a long time," he said. "I was on a couple of clubs that got no-hitters against Nolan Ryan and John Candelaria."

Padres 5, Cardinals 5 Tony Gwynn extended the longest hitting streak in the National League to 20 games with three doubles. Gwynn's third double drove in the tying runs in the ninth, and Chris Gomez singled in the winning run in the 12th inning as San Diego beat St. Louis.

"I'm not going to get all caught up in the hoopla," said Gwynn, who was bothered by a migraine. "There shouldn't have even been a ninth. Still,

to come back and win, it was a good win. But if you get a team down 3-1 in the ninth inning, you've got to close the game. Not only did they tie it, but they took the lead and we had to scratch just to get even. It ain't that big a deal to me."

With one out in the 12th inning, Rigo Beltran walked Wally Joyner. Quilvio Vera followed with a single to center that was bobbled by Ray Lankford, allowing both runners to advance. Gomez, who was 3-for-6, followed with a single to center to score Joyner.

Brewers 5, Rockies 3 Denny Neagle raised his record to 9-1, and Chipper Jones drove in four runs for Atlanta. Neagle, taming the top hitting team in the majors with a baffling variety of off-speed pitches, went seven innings, allowing five hits and three runs with one walk and four strikeouts.

Mets 10, Cubs 6 John Olerud, Manny Alexander, Edgardo Alfonzo and Carlos Baerga homered in New York's first four-homer game this season.

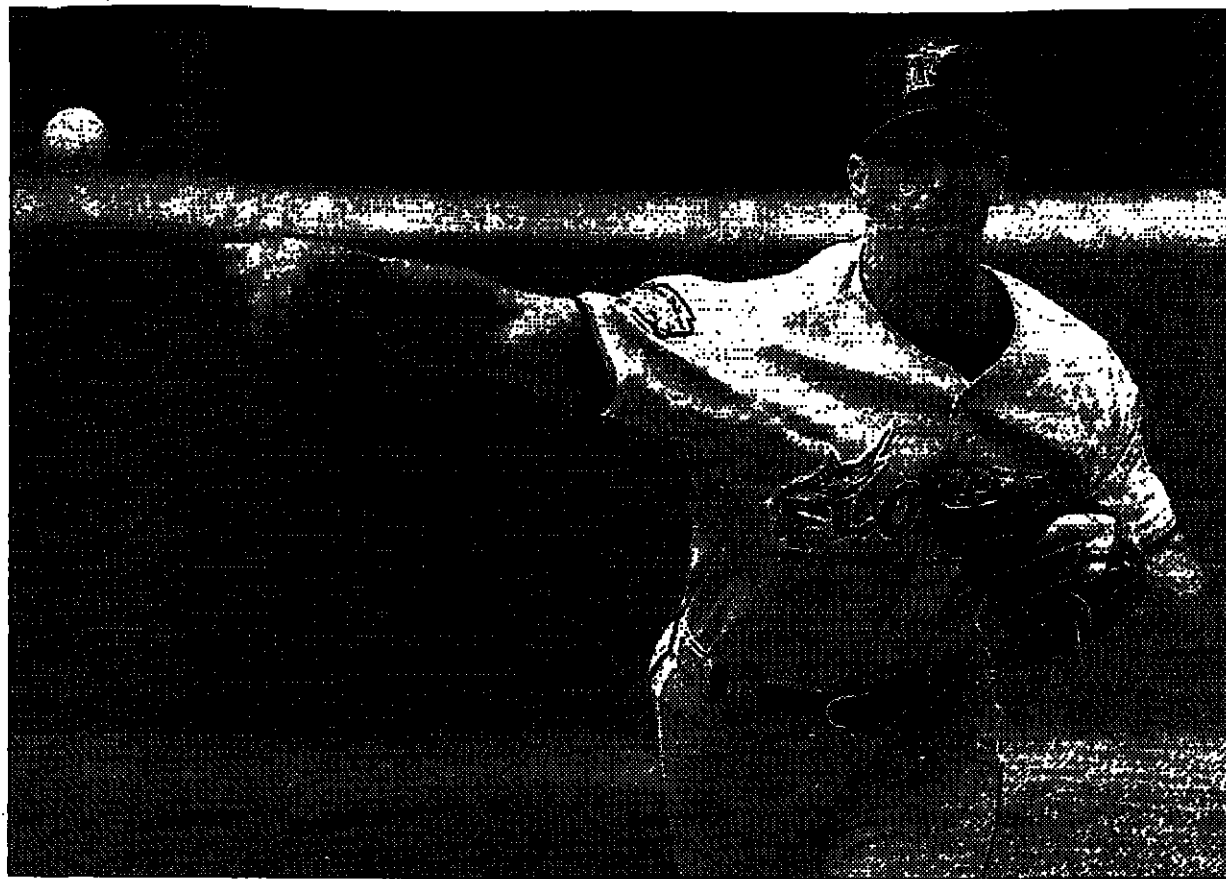
Pirates 5, Phillies 5 An error by the reliever Rich Loiselle, Pittsburgh's first in 47 innings, let in the two go-ahead runs in the bottom of the eighth.

The Pirates led 5-0 after sending 10 batters to the plate in the second inning, but their struggling starter, Jason Schmidt, and the bullpen failed to hold on.

Trailing 5-4, the Reds sent up nine batters for four runs in the eighth. With the bases loaded, Barry Larkin hit a grounder to the right side. First baseman Mark Johnson got to the ball, but his throw got by Loiselle covering first base for a two-run error. Hal Morris and Willie Greene followed with run-scoring singles.

Expos 8, Phillies 5 In Montreal, Mike Lansing's two-run single capped a fourth-run eighth as the Expos won their fifth straight.

Astros 5, Dodgers 3 Craig Biggio's two-out, three-run double in the top of the eighth triggered a four-run rally for the Astros. Biggio drove in Ricky Gutierrez, Ray Montgomery and Bill Spier, snapping a 2-2 tie.



Kevin Brown of the Marlins on the way to his no-hitter against the Giants, the first in the majors this season.

A Heavenly Catch Lifts the Angels

Edmonds' Diving Grab Saves 2 Runs as Anaheim Tops K.C.

The Associated Press
When the crowd starts cheering for the other guys, surely something special has just occurred.

It did Tuesday night in Kansas City, courtesy of Anaheim's Jim Edmonds. The center fielder made a sensational, lunging, belly-flopping catch in the fifth inning that saved two runs and helped the Angels to a 6-2 victory over the Royals.

"It's one of the greatest catches I've ever seen, and 95 percent of the guys in here will tell you that," said David Howard, who hit the ball Edmonds tracked down on the warning track. "People don't just dive on their face with their back to the infield as they're heading into the wall."

When Edmonds got to his feet, the Kauffman Stadium crowd of 14,774 exhaled and then applauded his brilliant

effort. "I looked up and saw it come over the bill of my cap and thought I might as well lay out for this one, the game's on the line here," said Edmonds.

In the next inning, Edmonds broke a 1-all tie with a run-scoring double, and

AL ROUNDUP

The Angels were on their way to moving into first place in the AL West by a half-game over Seattle.

When Howard hit the ball, Edmonds took off at full speed with his back to the infield. When he hit the ground, the ball almost popped out, but Edmonds cradled it with his bare hand as teammates threw their gloves into the air in celebration.

After his double, Edmonds moved to third on a wild pitch and scored on Tim

Salmon's sacrifice fly. Salmon had a two-run homer in the eighth and Chad Kreuter a solo shot in the ninth as Kevin Appier, the Royals pitcher, failed for the seventh time at career victory No. 100.

Orioles 7, Red Sox 2 Orioles 4, Red Sox 2 Cal Ripken went 4-for-4 and B.J. Surhoff had a two-run homer in the second game as Baltimore swept a doubleheader in Boston.

Tigers 6, Athletics 4 In Detroit, Willie Blair allowed two runs in 5½ innings and won for the first time since his jaw was broken May 4 by a line drive off the bat of Cleveland's Julio Franco.

The game also saw the usually mild-mannered Mark McGwire ejected for arguing a called third strike in the sixth inning. After he was kicked out by the plate umpire, Jim Joyce, McGwire threw six bats, two helmets and one ball out of the dugout.

Indians 5, Brewers 4 David Justice drove in the go-ahead run with a sacrifice fly in the seventh, and Charles Nagy (7-3) won again after a Cleveland loss. Marquis Grissom was 2-for-4 and sparked two Indians' rallies at Jacobs Field.

Jose Valentin hit a three-run homer in the sixth off Nagy, giving the Brewers a 4-3 lead that Cal Eldred (6-6) couldn't hold.

Yankees 12, White Sox 1 In New York, Andy Pettitte (8-3) came within two outs of his first major league shutout. Derek Jeter went 3-for-3, and Bernie Williams and Luis Sojo hit homers.

Blue Jays 5, Mariners 3 A pinch hitter, Juan Samuel, hit a bases-loaded triple off Norm Charlton to key a five-run seventh and lead the Blue Jays to victory over visiting Seattle. Pat Hentgen got the victory although he allowed three homers, including Ken Griffey Jr.'s major league-leading 26th.

Twins 10, Rangers 1 Paul Molitor went 4-for-4 with a two-run triple to help Bob Tewksbury (3-6) to his first victory of the season in the Metrodome.

Yankees' \$12.8 Million Bet Looks Good

The Associated Press

TAMPA, Florida — So far, George Steinbrenner's \$12.8 million investment looks pretty good.

Hideki Irabu, the Japanese right-hander the New York Yankees are expecting to bolster their starting rotation, delivered a promising performance Tuesday night.

He was dominating in his American pro debut, finishing a four-inning out for Class A Tampa with a 99-mile-an-hour fastball that the Yankees believe was a glimpse of the future.

"It certainly was encouraging tonight," said Steinbrenner, who had not seen Irabu pitch when the Yankees signed him to the richest rookie deal in major league history last month.

"This kid is the real deal," said the Tampa manager, Lee Mazzilli. "I think the boss did a great job. I think what

you saw was just the tip of the iceberg. This kid has a lot going for him."

Irabu, who is expected to join the Yankees within a month, had command of each of the four pitches in his expanding repertoire. He struck out six of 13 batters while allowing one hit and no walks against the St. Lucie Mets.

"Out of 100 percent," he said, rating his performance through an interpreter, "it was 100."

Irabu threw 44 pitches, 32 for strikes, before leaving a scoreless game that Tampa went on to win, 5-1.

His debut drew a crowd of 4,784 — more than double the usual attendance for a Tampa home game — and about 75 reporters and photographers.

Perhaps the most impressive thing about Irabu was his control in his first real game since Oct. 10, the end of last season in Japan's Pacific League.

He threw eight pitches in the first inning, all strikes, and had good command of his fastball, curve and sharp-breaking split-finger, as well as the change-up he has developed with the help of the Yankee pitching coordinator, Billy Connors.

"The way he threw tonight, and has thrown, will get major leaguers out," Connors said. "He throws strikes. And once he gets ahead of you in the count, he'll wipe you out with that split-finger."

Said the catcher Scott Emmons: "I haven't caught a million major leaguers, but he's got the best stuff of anybody I've seen."

"I was very impressed," said St. Lucie's manager, John Gibbons.

"About the only thing I didn't like about him is he's a Yankee and not a Met."

Agitator Rodman Provokes Mormons

By J.A. Adande
Washington Post Service

SALT LAKE CITY, Utah — Chicago Bulls forward Dennis Rodman's words and actions continue to make him a focal point of the National Basketball Association finals, despite his minimal impact in the games.

Tuesday, after returning from his second trip to Las Vegas since Game 4 on Sunday, Rodman did not apologize for a statement he made about Mormons on Saturday. An NBA spokesman said the league would look into Rodman's statement and consider punishment.

The Anti-Defamation League criticized Rodman for his complaint Saturday that "it's difficult to get in sync because of all the [expletive] Mormons out here."

When told there would be an outrage if he had said the same about Jewish people, Rodman replied: "I wouldn't say that about Jewish people. Just Mormon, just any people. I'd say that if I was in another state: some of the Texas people are kind of [expletive]. They give you the finger, and that's it. That's it. Maybe I don't know some of the Mormon people. Mormon people don't like me, either, right? That's a given, right? So what the hell."

The NBA spokesman, Brian McIntyre, said: "If that's what he said, it's indefensible. We will be dealing with Dennis after the finals are concluded."

In the two games played so far in Salt Lake City, both of them won by the Utah Jazz, Rodman grabbed only nine rebounds and missed all five of his shots. Rodman has complained about playing only 25 minutes per game. The Bulls and Jazz were to play Game 5 on Wednesday night.

After Game 4, Rodman flew to Las Vegas, where he spent the night and returned in time for a media session Monday. The Bulls did not practice Monday. Rodman went back to Las Vegas and returned to Utah at around 2:30 A.M. on Tuesday. He described his trips as therapeutic.

"I feel pretty good," Rodman said. "I feel like a lot of weight's off my shoulder. I went out there and just got free of a lot of stuff."



Unapologetic Dennis Rodman talking to the press in Salt Lake City.

Grassroots Thrive

TRANSITION

FOOTBALL

PEBID

RYNMIT

DEAGAN

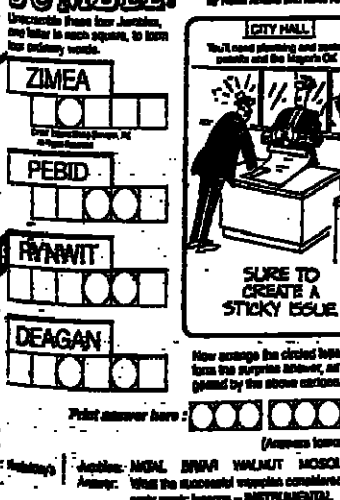
ENTERTAINMENT

Appears every Wednesday in the International. To advertise contact Sandy O'Hare in our New York office Tel: (1-212) 752 3890 Fax: (1-212) 755 8785 or your nearest IHT office or representative.

DENNIS THE MENACE



JUMBLE



ENTERTAINMENT

Appears every Wednesday in the International. To advertise contact Sandy O'Hare in our New York office Tel: (1-212) 752 3890 Fax: (1-212) 755 8785 or your nearest IHT office or representative.

PEANUTS



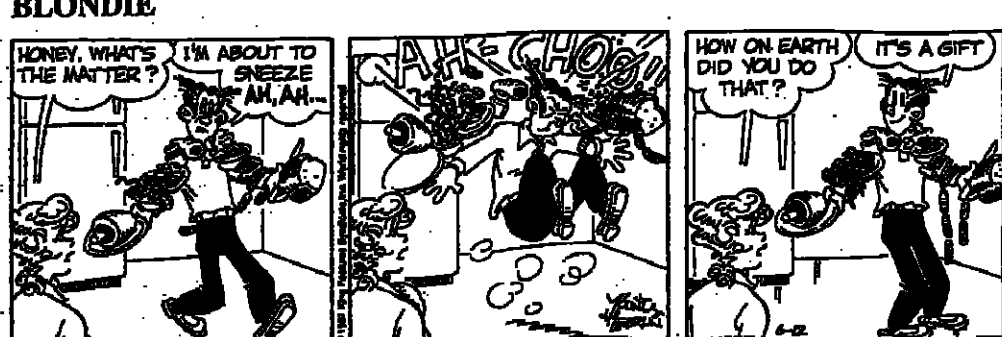
GARFIELD



BEETLE BAILEY



BLONDIE



CALVIN AND HOBBES



WIZARD of ID



NON SEQUITUR



DOONESBURY



